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22 July 1982

SUB-SAHARAN AFRICA REPORT

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MINISTER OF INDUSTRY INTERVIEWED ON TIES WITH ITALY

AB101304 Luanda ANGOP in French 1255 GMT 9 Jul 82

[Text] Luanda, 9 Jul (ANGOP)--The balance of trade between Angola and Italy may undergo substantial change beginning this year when Angola begins to export fish and by-products to that European country, Angolan Minister of Industry Benito Ribeiro said Thursday in Luanda during an interview with the Angolan News Agency, ANGOP.

During this interview on the eve of the visit of Emilio Colombo, Italy's minister of foreign affairs, Benito Ribeiro noted that the balance of trade between the two countries showed a negative balance in Italy's favor.

Angolan imports from Italy totaled 561 million kwanzas or \$18.7 million in 1979 and \$46.3 million in 1980, while Angola's exports to Italy were only \$1.1 million in 1979 and less than 1 million in 1980.

The Angolan minister of industry, speaking as chairman of the Angolan side of the Angolan-Italian Joint Commission, underscored the need to promote certain products such as flour, fish oil and furs and hides through Angolan participation in trade fairs in Italy, thus trying to establish an even balance in the balance of trade between the two countries.

Benito Ribeiro further indicated that new methods of promoting exports to that country have been envisaged, especially through partnership contracts which ensure joint production on the basis of joint investment with subsequent exportation of a portion of the finished product.

He cited as an example a contract being implemented in the fisheries sector, concerning fish which is currently being partially exported to Italy, and some partnership contracts with Italian enterprises in the sectors of plywood production, ornamental rocks and agro-industries (canned fruit juice and pieces).

According to the Angolan minister of industries, the agreement on sharing petroleum production at Soyo, signed between Angola and Italy, will probably permit the exportation of considerable quantities of Angolan crude oil to this European country, as of 1983, something which, he added, will affect all trading activities between the two countries.

Benito Ribeiro said also that Angola-Italy economic cooperation was normalized in 1977 with the signing in Luanda on 3 August 1977 of a memorandum of understanding creating the inter-governmental committee, an accord which provided among other things for sending specialists to Angola, supplying equipment and training Angolan technicians.

After Italy's recognition of the People's Republic of Angola, a cooperation accord was signed between the two countries in the field of air transportation and it was preceded, in 1976, before the Italian Government's official recognition of Angola, by many contacts between the two parties. In this regard, it is worth noting the discussions with the ENI group in the petroleum sector. During this year, a company of the IMEX group received from Angola 3,500 tons of coffee and 10,000 tons of cotton, amounting to \$16 million.

Also, during the first meeting which took place in Luanda within the framework of the accord on technical cooperation and on the constitution of the joint commission, the two parties approved programs for bilateral cooperation in the petroleum, industry and agricultural sectors.

In the petroleum sector, they planned for the organization of the distribution of petroleum products on the national level and the professional training of Angolan technicians of different categories in this sector in Italy.

Concerning agriculture, they provided for Italy's development of Mediterranean crops such as grapes and olives in the Angolan province of Mocamedes. In the industrial sector, the two parties planned studies of the development and repair of the iron and steel industry as well as studies on the restoration and restructuring of the confectionery sector, whose programs were to be financed by the Italian Government.

During the same meeting, the Italian side expressed its readiness to give exports credits and granted Angola food aid of 5,000 tons of rice and humanitarian aid of drugs and other products for refugees.

The purpose of the first session of the joint commission held in October 1977 was to elaborate on the results of the first Luanda meeting. However, it was during the second session in July 1980 that important aspects linked with economic and technical cooperation were discussed.

In the field of economic cooperation, Italy gave its support to implementation of investment projects with a total value of \$100 million. Included in these projects was the petroleum sector, with Italian participation in the gas exploitation project in the Angolan province of Cabinda, and the realization of the first phase of the Kwanda (Soyo) base, which is presently in its final stage of implementation.

In the agricultural sector, there were notably some agricultural and agro-industrial projects at Mocamedes, Mucoso (Kwanza north) on pineapple production and other projects in the region of Cavaco and at Camuvi, Ganda and Bocoio in the province of Benguela.

In the industrial sector, some projects of technical assistance were considered in the fields of the iron and steel industry, the plastic and trunk manufacturing industry and the confectioneries sector as well as the completion of the screw making factory (Codume) at Huambo.

Concerning technical cooperation directly sponsored by state funds granted by the Italian Government, Angola and Italy constructed, in the petroleum sector, the first phase of the installation of Angolan Petroleum Institute in the town of Ngunza, and developed the Mocamedes vineyard and olive plantation. Italy also gave scholarships to Angolans to study.

During the third and last session of the Angola-Italy Joint Commission held in Rome in January 1982, the two delegations approved technical and economic cooperation projects amounting to \$190 million, to be provided by Italy to the Angolan Government through different types of export credits, aid, loans and donations. Placed at the top of all the projects previously approved by Angola is cooperation in the field of fisheries, for which a loan of \$62 million was granted to Angola. The third session of the joint commission decided to rehabilitate the flourmills, to ask Italy to participate in textile projects, to reconvert and enlarge the tube-making factory in Luanda, to provide technical assistance in the sector of earthmoving machinery and to complete six child care centers in Luanda. It should be added that Italy expressed its desire to participate in the reconstruction of Cahama, destroyed by racist South Africa.

As can be seen, the economic and technical cooperation existing between Angola and Italy is ample. Within the framework of the visit of the head of the Italian foreign policy to Angola, in spite of its political character, new lines could be traced in order to strengthen relations existing between the two countries.

CSO: 4719/1166

ANGOLA

OIL PRODUCTION PROSPECTS SEEN GOOD IN 1985

Luanda JORNAL DE ANGOLA in Portuguese 9 Jun 82 p 3

[Article taken from the magazine ENERGIA No 3]

[Text] Angola needs income from oil and has shown a marked lack of dogma in its trade relations with Western companies. The results of cooperation between ideologically opposed parties are becoming increasingly evident: it is expected that the production capacity will increase to more than 300,000 barrels per day by 1985; and it is even foreseen that this may go to 500,000 barrels per day if exports in the offshore grants recently conferred are up to expectations. As a result, Angola will soon rank second among African producers south of the Sahara, topped by Nigeria.

Meanwhile, any considerations of alleged political instability have not proved to be a major obstacle to the government in granting Angolan offshore parcels--a procedure which began in 1978, 3 years after the war which followed the independence wrested from Portugal.

Until now, the government has confirmed the granting of four blocks along the Angolan coast (in addition to that of Cabinda) and it is known that three other agreements have been negotiated.

All these grants have been made in terms of production sharing--although Angolan law relating to the oil sector permits the Angolan National Fuel Company (SONANGOL)--a state company, to enter into joint participation with foreign partners; in this connection, Gulf negotiated a 49:51 contract whereby the Cabinda offshore deposits were reactivated after independence. The Angolan production-sharing contracts are made along the usual lines, that is, the foreign company bears all the costs of exploration during a minimum program of 5 years of prospecting and research in which the expenditures are to be recovered from the fraction of the "oil cost" of the production resulting from commercial discoveries. The "oil profit" is generally divided in the prospectings on the basis of 70:30 in favor of the state, rising to 95:5 simultaneously with cumulative production.

In cases where the terms differ from the usual, the Angolan "price" clause is applied whereby extra profits from increases in the price of crude, beyond the level of inflation in the costs of the oil companies, are reserved for the state. Although formulated (with ADL and SONATRACH [National Company for the Transport and Marketing of Fuels] consultants from Algeria advising the government) before the drop in world oil prices last year, the new accords proved to be sufficiently interesting to attract such large companies as Mobil Oil and Texaco, as well as large independent companies and certain state groups, to Angolan offshore oil.

The Texaco contract for Block 2 was the first production-sharing accord reached (see PETROLEUM ECONOMIST, October 1979, page 433, for details), since Texaco had already made three discoveries in that block before independence. (The immediate prospect for production also explains SONANGOL's 25 percent participation in the group of operators of this block.) Two of these fields are still active: the small Cuntala field is now producing 1,800 barrels per day, and the Essungo, which started up in June 1981, is producing 8,200.

There are plans to drill an area north of that block, which is similar to the Gulf Cabinda producing areas. Until now, the only other substantial discovery in connection with production sharing was made in Block 3 by Elf and others, where the Palanca-1 well gave out crude oil rated at 39 degrees API with 3,774 barrels per day and 2,076 barrels per day of various quantities [sic], while efforts are being made to reach the maximum quantity forecast--namely, 17,000 barrels per day. It is hoped to reach this figure by the end of 1983 and, at that time, the third field, Etele, will also be in operation, and the total production of this block will be about 25,000 barrels per day. Texaco has drilled several "exploratory wells" south of Block 2--the Morsa-1 shows promise of 500 barrels per day at 40 degrees API--and has three more structures seismically defined for drilling, zones--indications described by Elf as "noteworthy." The importance of this discovery lies in the fact that, until now, it is the one farthest to the south in Angola and, therefore, it increases the prospects, particularly in Block 4. This is reserved for SONANGOL. Meanwhile, a consortium of companies headed by Agip has been negotiating for this coveted block, which is located between the Texaco and Elf grants and extends immediately to the south of Gulf's Cabinda territory. The southern grants are much more speculative, although, in the past discoveries have been made along the coast of Namibia.

The Cabinda fields constitute approximately two-thirds of Angola's present production capacity, and the Gulf Oil operator is optimistic about the possibility of doubling the production by 1985, that is, to about 200,000 barrels per day. Although Gulf has been exploring the enclave's small offshore area since 1960--it made its first discovery in 1966 and 2 years later was producing 30,000 barrels per day from a total of 113 wells--there is still room for new discoveries and the company is implementing a 5-year program calling for the drilling of 26 exploratory wells, 14 evaluation wells and 114 operational wells by 1985, along with reconditionings and secondary recovery projects in some of the older wells.

An indication of the possibility of new discoveries is the Takula field belonging to Gulf and discovered through exploratory well 52-2x at the beginning of 1980.

Production tests showed levels of more than 2,000 barrels per day of crude oil at 35 degrees API with low sulfur content, while additional seismic studies showed that productive sandstone should extend over approximately 6,000 acres. Three evaluation wells are being drilled, but Gulf has already estimated that Tokula's probable production should reach 70,000 barrels per day (which can be attained by the end of 1985, using the area's existing production facilities) and speaks of recovering more than 100 million barrels with secondary recovery.

With the aim of offsetting the natural decline in the production of the older fields, Gulf and SONANGOL are installing a large facility for gas rejection, sharing the cost of \$168 million, in accordance with the respective share portions (Gulf 49 percent). In addition to increasing the overall recovery of oil, the project will supply liquid propane gas for export, at the same time reducing the burning of gas; the substance can be recovered from reservoirs if Cabinda needs it.

Direct imports of Angolan crude oil by the United States are now about 65,000 barrels per day, an insignificant part of the total volume it imports. But the firm, honest attitude of our country won sympathetic acceptance which Reagan is unable to circumvent. The future increasingly belongs to intelligence and common sense in the relations Angola maintains with all the partners with whom it wants to work to aid our national development.

8568
CSO: 4742/331

DOS SANTOS APPEALS FOR WAR MATERIEL

Luanda JORNAL DE ANGOLA in Portuguese 20 Jun 82 pp 1-2

[Article by Calu Duarte]

[Text] Comrade Jose Eduardo dos Santos, president of the republic, accompanied by Cape Verdian President Aristides Pereira, held a press conference with the news media yesterday in which he expressed certain thoughts on the present armed raids being made by South Africa into the southern part of our country.

Upon being questioned by a Cape Verdian journalist about the present armed raids being made by the South African racists, he replied: "The situation in Angola continues to be serious, particularly because a number of regular troops of the South African army have been occupying portions of our territory since September 1981--namely, in Cunene Province which borders on Namibia." The Angolan leader went on to say, "There is no doubt that we have made efforts on the military level to show the enemy involved in these attacks our determination for action on the international level; we have unleashed a campaign to denounce not only this situation but also the aggressions, the repeated acts of aggression, by South Africa against the People's Republic of Angola [RPM]."

President Jose Eduardo dos Santos also said that the RPM has noticed a rather broad understanding by the international community of the situation Angola is facing and that, as a result, the international community has made several expressions of solidarity. But what Angola needs right now is not just political or diplomatic support. It also needs support in the form of materiel: arms, medicines, transportation facilities; in fact, a whole series of items is needed, not only to support the war effort we are making to defend our territorial integrity but also to aid the people who are victims of South Africa's criminal action."

As for negotiations between the so-called contact group and the "front line" countries, President Jose Eduardo dos Santos said: "We can say that the latest proposals presented to the contact group on negotiations for Namibia's independence denote a new phase in this negotiating process, since, from our viewpoint, the proposals are more flexible, more realistic and, in fact, constitute a base which will make it possible to make more progress in our conversations, if we meet with good will on the part of South Africa," he concluded.

CONSTRUCTION WORK ON PORT IN CABINDA

Luanda JORNAL DE ANGOLA in Portuguese 10 Jun 82 p 3

[Excerpt] Cabinda--"If the competent agencies do not take the measures deemed relevant to the decision of the First MPLA Congress on construction of a major port in Cabinda, it will become a dead letter," Antonio Delfina Cuti, provincial delegate of the Construction Ministry declared recently to the Angolan news agency ANGOP.

The official explained that HIDROPORTOS de Luanda, the company to which the operation was assigned, proved to be unable to construct the port. He said: "There is even some thought of delivering the prefabricated houses imported from Portugal, which are now being assembled, to the Provincial Commission to use as lodgings for visitors in transit."

The Construction Ministry delegate stressed that the port construction activity currently consists in setting up a camp to house the technicians; assembly of 172 modules that will constitute the camp--ten 38-room sleeping quarters, two 30-bed dormitories, a 400-seat dining room, a social center, two storehouses and a laundry--will probably be completed in the second half of this year.

"All this," he continued, "is part of the important project to build a long-range seaport in Cabinda. The port will be 700 meters long and 480 meters wide and will handle large-tonnage ships."

Following the survey conducted by Yugoslav technicians of the location suitable for the port, the project received higher approval in 1980, Cuti reported, noting that construction of the camp was also assigned to Yugoslav technicians.

Emphasizing the importance of a long-range port in Cabinda, the provincial delegate stressed that "once the project is carried out, certain problems now confronting Cabinda and Zaire Provinces regarding supplies of essential products and other goods will certainly be alleviated."

6362

CSO: 4742/334

MATCH MARKET TYPICAL OF BLACK MARKETEERING PRACTICES

Luanda JORNAL DE ANGOLA in Portuguese 10 Jun 82 p 2

[Letter to editor from Carlos Eduardo]

[Text] Regarding the sale of matches by the pile in Luanda, it is next to imperative to comment on this bizarre situation, absolutely unthinkable anywhere else in the world. For avocados, onions, bananas, etc., the practice, if far from acceptable, is understandable--but not for matches.

If things continue as they are going now in the black market in Luanda, the only recourse will soon be to create some sort of "Institute for Investigation of Black Marketeering."

It is absolutely unacceptable that a country like the People's Republic of Angola, whose economy is becoming increasingly strong, must experience cases that constitute real attacks on the purses of those who (to use a slang expression) put their bodies on the line for 8 working hours a day. To sell 10 match sticks for 20 kwanzas is not simply an abuse; it is among the greatest commercial ripoffs in the whole mess of the "national black market."

Then there is "ginguba" (?ginger beer), which from all indications is trying to compete with the matches. A bottle capful of "ginguba" costs 20 kwansas. At one time, for 20 kwanzas you could set up a ginguba shop. (I'm being sarcastic, obviously.)

These "minisales" have proliferated in the city of Luanda, the mark of the speculators who are creating veritable emporiums, eating up the wages of those who support themselves by the sweat of their brow.

The system used by the speculators, of absolutely attacking the purses of others, is enthroned in current practice. Given the shortage of goods on the market, this royal system is one of the alternatives of the Luanda consumer.

There are no matches, or at least there have been none, on the official market, for various reasons that are connected with the nation's situation and characteristic of a country whose sovereignty is under constant attack, specifically by the base government of South Africa. This is an undeniable fact.

On the other hand, it is difficult to understand why the official market is lacking in matches and the black market is overflowing with piles of match sticks, and--as if this were not enough--at 10 kwanzas for a "pile of 10," in the language of the black marketeers.

Meanwhile, we are beginning to wonder how far the speculation will go with these sales of portions of products, and how far the consumer's patience can be stretched.

These are the questions running through the mind of every worker who labors honestly to see that, in this great and fertile land of Angola, there is enough bread for every mouth, without having to submit to the orgies of those who are simply moving this people back in time, subjecting them to exploitation. Speculation is one of the great national evils and has created penury at various levels, above all, in the trade sector, where the proliferation of "schemes" has been rampant for a long time.

It is also known that there are market inspectors for the precise purpose of monitoring the merchandise, but they very seldom do anything because they have been--some of them--completely suborned by the speculators, by the black marketeers.

Meanwhile, the fact is that sales of matches by the pile are continuing to line the pockets of the parasites, leading the way to destruction [as published] in the trade sector and totally obstructing the nation's economy. It is, in short, an evil which urgently needs to be eliminated.

6362
CSO: 4742/334

ABUSE OF VEHICLES BY AUTHORITIES FOR PERSONAL TRANSPORTATION

Luanda JORNAL DE ANGOLA in Portuguese 9 Jun 82 p 2

[Article by Joao Serra]

[Text] The shortage of transportation is obviously affecting the entire country and the problems stemming from that shortage and their effects are being felt in one way or another in all sectors of the country's activity.

It appears to be a difficult situation to correct with the brevity and ease desired.

It is a kind of fatalism.

However, there are excesses; and, paradoxically, there are state companies in Luanda where the shortage of cars for daily productive tasks coexists, as naturally as one can imagine, with the bureaucratic distribution of vehicles to transport personnel at various levels of management.

The term "management" is synonymous with "car" for transportation itself, even if the respective branch of activity involves work outside the firm.

"Management" is almost beginning to lose its meaning, when the over-evaluation of the sector is confused with the size of the department.

In many firms, the notion of management has ceased to have the flexibility necessary for each specific type of activity and its characteristics, of the number of services it performs, or of the work pace.

Each firm merely copies from the others that which represents convenience, bureaucracy and personal advantage for its various degrees of internal hierarchy, generally without considering the public and national interests. That is, they rapidly adopt precepts of organizational operation capable of serving personal conveniences internally or justifying incompetence and lack of managerial capability. Generally speaking, only reluctantly do they adopt definite organizational norms capable of improving their work level, even if this means more work and professional dedication.

The complicated organization chart, at times carried to an exaggerated degree of decentralization and serving only to make the work difficult, became a serious obsession among a large number of the country's firms. The manager became a too long-winded species which, many times, disturbs the labor balance, for in certain companies there were finally more managers than underlings.

Therefore, the development of the work is coming to depend on the civic, political and professional conscience of each individual. The danger is that, in the opinion of many people, the manager does not have to work; he needs only to guide and direct.

Thus, in an organization chart consisting only of managers who think in that manner, it is obvious that in those firms the work progresses with great difficulty.

Nevertheless, the consequences of this situation would be long, intricate and difficult to enumerate. The aspect which is particularly being questioned in this article is the use of state vehicles and this aspect is being questioned in the spirit of the National Economy Campaign recently launched by the UNTA [National Union of Angolan Workers].

And, in fact, in view of the increasingly generalized custom of providing individual transportation within companies, an organization chart full of artificial and bureaucratic levels of management represents an incomprehensible waste of mobile units which interferes with the labor conveniences of each service or production unit and, as is obvious, with the national economy itself.

That is why it seems essential to economize in the use of cars, reserving the few available vehicles for the production purposes of each company or ministry.

That is why it appears desirable to economize staff in drawing up organization charts, for often the management position becomes synonymous with inactivity, as has already become in the case of transportation, with gasoline and maintenance coming out of the company's budget.

The National Economy Campaign is underway. It can be used to economize in many ways, but it is always work operation and productivity which must be considered the main objective.

8568
CSO: 4742/331

BRIEFS

REFUGEES' RETURN--Cabinda--Some 503 Angolan refugees who had been in the neighboring Republic of Zaire since the first war of national liberation returned to the People's Republic of Angola last Tuesday. The returnees are currently at the transit center of the Cabinda provincial office of the Secretariat of State for Social Affairs, where they are being given material aid by the provincial government. All the refugees will be transferred to their native villages. [Text] [Luanda JORNAL DE ANGOLA in Portuguese 11 Jun 82 p 3] 6362

RICE PRODUCTION--Quibala--The AUP-Camana agricultural complex, located in Quibala Municipio, Kwanza-Sul Province, expects to harvest an estimated 1,200 tons of rice in the current campaign, according to complex director Jose Manuel. Great efforts are being made to meet the established quotas. In fact, as the director noted, the workers have made a strong commitment to production and productivity. The Quibala agricultural complex, which takes in 590 hectares of arable land, is not only devoted to rice production but also to growing sunflowers. However, 100 of these hectares have been abandoned for lack of a water supply. According to Jose Manuel, the problem could be solved with the construction of another dam, which is planned for the near future. For the 5-year period (1981-1985), the Quibala complex is pledged to develop rice production, as well as other farm crops, principally cotton. It is noted that AUP-Camana is also devoted to livestock farming; it now has 428 cows, 87 sheep and some poultry (ducks). One of the great problems of the complex is the shortage of transport means. As the director noted, the rice is hulled in Ganella Municipio, 83 kilometers from Quibala. [Text] [Luanda JORNAL DE ANGOLA in Portuguese 1 Jun 82 p 4] 6362

ZAMBIAN DEFENSE MINISTER'S VISIT--Zambian Defense Minister Wilson Chakulya, who is paying an official visit to our country, went yesterday morning to Huila Province, accompanied by his counterpart, Col Pedro Maria Tonha (Pedale), member of the Political Bureau of the MPLA-Labor Party. In the city of Lubango, the province capital, the visiting delegation went to the command post of the 5th Leba. Located about 60 kilometers from the city of Lubango, Serra da Leba was recently the target of a vicious massacre by the South African racist forces. The delegation also went to the Tchivinguiro Agricultural-Livestock Complex, an agricultural training center. During a

banquet given for the delegation there, Mariano Puku, provincial commissioner of Huila, expressed his pleasure at the visit of the Zambian leader and noted the role played by Angola and Zambia in the liberation of people in the south of our continent who are still oppressed. In turn, Wilson Chakulya strongly condemned the atrocities committed by the racist South African army against the free and sovereign territory of the People's Republic of Angola and the other Front Line countries. He said these maneuvers are intended to hinder the progress and consolidation of our revolutions and to make us withdraw our important support to the peoples struggling for their freedom and independence. [Text] [Luanda JORNAL DE ANGOLA in Portuguese 11 Jun 82 pp 1, 3] 6362

THREE NEW PIERS--Cabinda--Three piers for the loading and unloading of goods were inaugurated Wednesday in a ceremony presided over by Jose Sumbo, deputy provincial commissioner of Cabinda. The piers, of Dutch manufacture, have the capacity to handle about 1,080 tons of cargo and cost about 700,000 Dutch guilders (10.5 million kwanzas). The piers will provide for the rapid unloading of products from boats until the new commercial port project is completed. During the ceremony, the deputy provincial commissioner of Cabinda expressed dissatisfaction over the fact that to date, nothing has been done to build the new commercial port in that this has interfered with the import and export of goods from and to the province. [Text] [Luanda JORNAL DE ANGOLA in Portuguese 18 Jun 82 p 4] 8568

USSR CULTURE 'MASSIFICATION' DISCUSSED--A discussion on the subject "Cultural Massification in the Union of Soviet Socialist Republics," led by Z. Yuldashev, deputy minister of culture in the Uzbek SSR, took place Monday in Luanda. In his speech, Z. Yuldashev stressed the importance of culture in his country and said he considered the visit to Angola very positive; he then said that the basis for cultural massification in Angola has been established. In addition, Arkadiy Gavrilenko, deputy chief of the Department of Cultural Educational Establishments of the USSR Ministry of Culture, and Sorkib Gaibnazorov, head of the Department of Cultural Educational Establishments of the same ministry in the Tajik SSR, who accompanied the deputy minister, gave a history of the development of culture in the Soviet Union. It may be recalled that the delegation headed by Z. Yuldashev was in Lubango and visited libraries and other cultural centers and had meetings with leaders of Angolan culture. Also attending the discussion were: Andre Mingas, national director of cultural massification, and Paulo de Carvalhos, head of the national department of people's centers and organizations of culture. [Excerpts] [Luanda JORNAL DE ANGOLA in Portuguese 9 Jun 82 p 4] 8568

CSO: 4742/331

PROPOSALS OF ISLAMIC MEETING IN NAIROBI

Nairobi MSETO in Swahili 9 May 81 p 4, 5

[Article by special correspondent: "Proposals Adopted at the Meeting of Muslims: Christians and Muslims To Increase Good Mutual Religious Understanding"]

[Text] The meeting of Muslims which was attended by representatives from various regions of the world in the conference hall at Kenya Teachers College, Nairobi, was a great success.

The success of this meeting, according to the announcements of the chairman of the Supreme Council of Kenya Muslims (SUPKEM), Kassim Bakari Mwamzandi, has laid the foundations for more meetings or seminars of Muslims in Kenya.

The success of this meeting also, according to Minister of Culture and Social Services Moses Mudavadi, signifies that all Africans are one whether Christian or Muslim.

"Africans must all be taught to be one irrespective of creed or sect," Mudavadi said in his closing speech at the meeting.

This meeting as a whole discussed "da'awa"--that is, ways to proclaim the good praises of Islam throughout the world.

Even so, this meeting emphasized there should be cooperation between Muslims and Christians to solve the problems of the world, such as the question of Palestine and strengthening of peace and unity in the world.

Tehar Ettoumi, the Ambassador of Libyan Jamahiriya to Kenya, speaking at the official closing meeting, congratulated the leadership of peace and tranquility in Kenya. Ettoumi promised that his country will help more in activities to spread Islamic religious instruction in Kenya.

This meeting was also addressed by well-known Muslim guests from various areas of the world like Ahmed Rajeh and Mohamed Shikhani from the Islamic Bureau of Ansar in Syria and Matouq Zubed and Dr Muammar al-Qamati of Al-Da'wa Al-Islamiya (Islamic Call Society) of Libya Jamahiriya.

This meeting adopted 11 proposals under activities for glorifying Islam. The proposals follow:

1. To work on strengthening the faith in the hearts of Muslims and to stand unified in the spread of Islam.
2. The meeting commissioned a plan of mutual help to spread Islam between the Bureau of Al-Da'wa Al-Islamiya of Libya and the Supreme Council of Kenya Muslims.
3. The meeting directed Muslims all over the world to exert more effort in encouraging Muslim children to follow the teachings of the Koran.
4. The meeting also praised the brotherly leadership of Libya's Colonel Mu'ammar Qadhafi for his help in promoting Islam around the world.
5. The meeting urged all participants to be aware of and to be alert for newspaper and advertisement procedures that defamed Muslims around the world.
6. The meeting also urged that good plans be made available for eradicating the problems and obstructions which stand in the way of the development of Islam.
7. The meeting also urged East African participants and Muslims all over the world to arm themselves with more Arab and western education so they will have the ability to explain Islam to everyone in the world.
8. The meeting also directed the preachers of Islam in East Africa to make a greater effort to practice Islam, and to avoid segregation and factionalism in building Islam.
9. Also, the meeting urged and encouraged Muslims to talk with their Christian brothers to show them similarity between both religions in order to strengthen their confidence in Muslims.
10. The meeting also urged Muslims to have a community plan for all Islamic authorities to have a single establishment for building their religion.
11. The meeting also urged all parties and the Muslim and Christian communities to do their best to make a holy war to liberate Palestine, which is on Islamic country, from the Zionist colonizers who are stealing their land of Palestine.

9216
CSO: 4749/36

ISLAMIC MEETING IN NAIROBI ENDS SUCCESSFULLY

Nairobi MSETO in Swahili 9 May 82 p 1, 8

[Article by Joachim Charo: "Islamic Meeting in Nairobi a Great Success"]

[Text] Minister for Culture and Social Services Moses Mudavadi highly praised the efforts of the Muslims to spread the religion in Kenya.

The minister stressed that the constitution of Kenya enshrines freedom of worship for all the denominations in the country.

Mr Mudavadi made these remarks while addressing thousands of Muslims at the official closing of the 7-day Islamic meeting in the reception room of Kenya Science Teachers College in Nairobi recently.

This meeting was sponsored by the Embassy of the Libyan Arab Jamahiriya and the Supreme Council of Kenya Muslims. Mudavadi emphasized in his speech that Africans must be taught to be one irrespective of their religion or ancestry.

"We Africans are of one family, and we must be able to visit each other without any obstructions," emphasized Mr Mudavadi.

The minister also pointed out that Islamic teachers have the important responsibility of promoting Pan-African unity to bring all Africans together.

Mr Mudavadi simultaneously underscored the importance of all Africans joining forces in a movement to liberate their brothers who are still in the chains of imperialism and slavery in South Africa and Namibia.

Mr Mudavadi thanked the officials of the Embassy of the Libyan Jamahiriya very much for helping in the preparations for the meeting. He also thanked Libyan Ambassador Tehar Etoumi for providing educational assistance for 100 students, including four Islamic religion teachers, for teaching in the area he represents in the parliament of Vihaga.

He said he will consult with the Ministry of Higher Education on what students should receive this aid.

The meeting was also addressed by the chairman of the Supreme Council of Kenya Muslims, Kassim Bakari Mwamzandi, who is also a deputy minister for water development. Mwamzandi told MSETO later that he hopes that this meeting has opened the door to many international meetings of Muslims in Kenya.

Among some of the foreigners who spoke were the director of the Islamic Bureau of Libya (Al-Da'wa Al-Islamiya), Matouq Zubedi and the head Islamic religion teacher of the University in Tripoli, Dr Muammar al-Qamati. The meeting was also addressed by the news director of the Supreme Council of Kenya Muslims, Mohamed Yusuf.

9216
CSO: 4749/36

REPORTAGE ON CHANGE TO ONE-PARTY STATE

Bill Passed

Nairobi THE WEEKLY REVIEW in English 11 Jun 82 pp 4-5

[Text] **THE bill to make Kenya a *de jure* one-party state sailed through parliament on Wednesday with a massive vote of "aye" from the members, and no single dissenting voice. The bill got 158 "ayes" during the first division and 150 in the second going through in 45 minutes in two divisions. Speaking during the third reading, the minister for constitutional affairs, Mr. Charles Njonjo, who moved the bill, noted that for 19 years Kenya had been a *de facto* one-party state and all the bill was doing now was to translate that status into law by turning it into a *de jure* one-party state.** Said Njonjo: "It is a historic moment for the nation since the bill has been passed without any problems." "Therefore, the amendment has the support of MPs and also the support of the people." Njonjo continued: "Kanu (Kenya African National Union) is following the wishes of the people and there is nothing new. We have organised a number of elections since 1963 and Kanu has always sponsored the candidates."

"We Kenyans," said Njonjo, "are happy we are making the changes here in the house because Kenya believes in democracy." Njonjo also had a rhetorical question for the members: "Where in Africa is an election held every five years?" Of course the answer was "Nowhere". More questions followed from the minister, "Why do some few people want to form another political party?

Is it just that somebody wants to be a president in Kenya?" He then explained why some people form parties, and said they did so, so that they could become presidents. Of the future, Njonjo had something to say, "When this bill is passed, we shall never hear the dreamers and we hope they will join the rest of the Kenyans — the 99 per cent of Kenyans who want the one-party state," he said. Njonjo chided those who argued that the constitution provided for another party and said Kenya cannot afford the luxury of another party, for the nation was in a hurry to develop and could not afford to be distracted from this task. He advised those who wanted to form another party to go elsewhere, "but it should not be in countries surrounding us because they will not be allowed."

Njonjo had scores to settle with the Law Society of Kenya and some lecturers at Nairobi University who had argued that the president did not have the power to abolish offices. He quoted Section 24 of the constitution which states that, ". . . the powers of instituting and abolishing offices and terminating them rests in the president." Even the *British Broadcasting Corporation* had a taste of the minister's wrath and was blasted for saying that the recent detentions had plunged Kenya into a crisis. Said the minister: "There is no crisis here. Where did they see the crisis?" He said detention was constitutionally provided for in

this country and thus is not questionable in any court of law. "If anybody has to be removed to another place for the preservation of security, then this is provided for in the constitution."

Seconding the bill, the vice-president and minister for home affairs, Mr. Mwai Kibaki, attacked unnamed "certain confusing agents" who, he charged, were bent on creating chaos in the country by preaching Marxism, even though this ideology had proved unsuccessful in most communist countries. Strongly supporting the bill, Kibaki singled out the many achievements brought about under Kanu, citing in particular the fact that four million children were getting free education. He said: "What we are rejecting by amending the constitution are experiments and Marxist theories which have not been proven even by the largest of communist nations China and Russia. These two communist nations are now importing technology and science from the capitalist societies because their philosophies have proved fruitless."

The minister for local government, Mr. Stanley Oloitipitip, speaking on the possibility of having two presidents said Kenyans would "hate to see two presidents in this country." This is because as Oloitipitip said, "we have told the world that we are mature and can rule ourselves." The bill also provided for the institutionalising of the post of chief secretary. Under it, it will no longer be necessary to have preliminary elections and those elected will be automatically declared elected by the returning officer instead of having to wait 21 days and presenting their final nomination papers to the returning officer. ■

Constitution Amended

Nairobi THE WEEKLY REVIEW in English 11 Jun 82 pp 5-6

[Text]

AS was to be expected, Kenya's constitution has been amended to make the Kenya African National Union (Kanu) the only legal political party. According to the *Kenya Gazette* supplement of Friday last week, which contained the amendment bill that was enacted by parliament on Wednesday this week with no opposition or dissenting voice at all, several sections of the constitution have been repealed and some new sections substituted.

The first major change was the insertion of a new section, 2A, which says that, "There shall be in Kenya only one political party, the Kenya African National Union". Section five of the constitution has been amended by deleting two paragraphs (a and e) which stated that one candidate for president shall be nominated by each political party taking part in the general election. The new constitution says that "every candidate for the president shall be a member of the Kenya African National Union

and shall be nominated by that party in the manner prescribed by or under an Act of parliament". Unlike the old constitution, the new one says that in every constituency where there is an election of a president and for a member of parliament, separate polls shall be taken.

The term 'political party' has also been substituted by "the Kenya African National Union". The new act also changes the constitution to formalise the position of the chief secretary which was not formerly provided for in the old constitution. The new one says that "There shall be a chief secretary who shall be head of the public service and who shall exercise supervision of the office of the president and general supervision and co-ordination of all departments of government". The constitution has also been amended to read: "two or more government departments may be placed under the direct supervision of the chief secretary or a permanent secret-

ary, and one government department may be placed under the supervision of the chief secretary and one or more permanent secretaries or of two or more permanent secretaries". Certain other sections have been amended to include the list of appointments that the public service commission has no jurisdiction over and also that the person holding the office shall be a presidential appointee.

The constitutional changes necessary for the legalising of a one party state have been extensive. Thus, section 34 paragraph d which said that a candidate for parliament had to be nominated by a political party, has been removed because and instead has been replaced by a requirement that the candidate

be a member of Kanu and is nominated by Kanu. Other constitutional changes on elections of members of parliament spell out when an MP ceases to be an MP by adding an additional paragraph which states that an MP ceases to be an MP when he ceases "to be a member of the Kenya African National Union".

Section 40 which stipulates that a member of parliament who has been elected to parliament on a political party ticket or who accepted appointment as a nominated member as a supporter of a political party, either (a) "resigns from that party at a time the party is a parliamentary party; or (b) having after the dissolution of that party been a member of another

parliamentary party, resigns from that other party at a time when that party is a parliamentary party, shall vacate his seat at the expiration of the session". Should parliament not be in session he will be required to do so at the end of the following session, "unless in the meantime that party of which he was a member has ceased to exist as a parliamentary party or he has resigned his seat". The speaker is, however, exempted from this subsection. In the old constitution, the question of who was or was not a member of a party was determined by the speaker of the house. In the new one, this section has been repealed and has not been replaced with anything as the question would no longer arise.

With the change in the constitution, election laws have also to be changed. In the election laws amendment bill 1982, published in the Kenya Gazette on Friday last week and which has been passed by parliament, the definitions of "political party" and "preliminary elections" contained in section two of chapter seven of the National Assembly and Presidential Elections Act have been deleted. Political party and preliminary elections were previously defined as "a party which is duly registered under any law which has complied with the requirements of any law as to the constitution or rules of political parties nominating candidates for the national assembly" and "...(an)... election held by a political party in accordance with section 17 preparatory to a parliamentary election" respectively. Section 13 has also been amended. Section 17 of the same chapter on nominations by political parties had stipulated that "a person shall be deemed to be nominated by a political party for election as a member of the national assembly...if he is declared to have received the greatest number of votes at a preliminary election". Further, no individual shall present himself for nomination by a political party unless he is qualified in all respects to be a member of parliament and has complied with the rules of the party he belongs; the preliminary voting shall be done in each constituency under regulations as the minister may deem necessary to ensure fairness has wholly been repealed as there cannot be any preliminary elections with only one legal party. Section 18 A of the same chapter has been amended by deleting the definition of candidate and by also removing any references to preliminary election.

The Local Government Act has also been amended to reflect the changes. Section 53 of the Local Government Act chapter 265 was amended by deleting several paragraphs and by inserting the statement that a local government election candidate shall be a member of Kanu. The whole of Section 63 A of the Act which declared that a councillor of local authority who was elected on the basis of support from a political party and resigns or ceases to be associated with the party "shall forthwith vacate his office as a councillor" was repealed as it is no longer applicable. Other changes in the act include the deleting of paragraph (h) of section 67 of chapter 265 and the amendment of subsection one of section 72 of the same act by deleting paragraph (g) which stated that the minister concerned shall make rules for among other things the nomination of candidates and substituting it by two new which state that "the nomination of candidates for the election including the payment of a deposit by candidates of such sum as may be prescribed being not more than one thousand shillings" "the limiting of election expenses of candidates to such sum as may be prescribed and disqualifying candidates who exceed that amount respectively, are matters that shall be decided on by the minister in charge of local government. ■

CSO: 4700/1518

KENYA

ALLOWING DEMONSTRATIONS SHOWS STRENGTH OF NATION

Nairobi MSETO in Swahili 9 May 82 p 2

[Editorial: "Kenya Is Ours, Be It Good or Bad"]

[Text] Kenya is praised throughout the world as a peaceful country with an orderly government, and one which preserves true democratic leadership. The citizens of Kenya enjoy a freer climate than their peers in many countries of Africa.

People who have had the chance to travel outside Kenya (to neighboring countries or others) have surely seen for themselves that in Kenya they enjoy true freedom and that they are under a good form of government which values every individual's rights.

Although we do have some economic problems, which in reality exist in every country of the world, every one of us is satisfied because we have sufficient food and each one can get what he wants according to the effort he puts into his work.

Some people are not satisfied and day in and day out slander the leadership of the country and proclaim its shortcomings. Such people scheme to throwing mud in the face of this country while international meetings are going on in Nairobi to make sure that the foreigners taking part in the meetings get the message that Kenya is bad.

This is total nonsense. Foreigners arriving in this country from various areas of the world constantly see for themselves how our country is progressing politically and economically; and at the same time peace and order are preserved.

These people who slander Kenya and its leaders should realize that they are very lucky; they live in a country which values democracy and the right of every citizen to express his views. If they would dare to make such assertions in neighboring countries we know about, we would now be mourning them. This is only to demonstrate that in Kenya we have honest leaders without parallel.

Every one of us knows that Kenya is among the few countries of the world which has no political prisoners. Also it is one of few countries of the world which is not yet notorious for political assassinations.

Were they living in certain countries of Africa, or even of Asia, those who are slandering the leaders of the government of Kenya would not dare wag their tongues to complain about any thing. Evidently, those who are complaining and slandering the leadership of Kenya are trying to confuse the people. But they should remember that Kenyans have now increased their political awareness and it would take time to trick them with meaningless fabrications.

9216
CSO: 4749/36

KHAMINWA SERVED WITH DETENTION ORDERS

Nairobi THE WEEKLY REVIEW in English 11 Jun 82 p 6

[Text]

AFTER being picked up by plainclothes policemen last week (see *The Weekly Review*, June 4), the Nairobi advocate, Mr. John Khaminwa, who represented people who have been detained, was himself detained last week. After a search of his office and home last week, Khaminwa was served with detention orders on Friday. He became the third detainee following that of former deputy director of intelligence, Mr. Mwangi Stephen Muriithi, and that of former MP for Kitutu East, Mr. George Anyona, two weeks ago. It is interesting that Khaminwa should be detained at about the same time as two of his clients whose cases have made headline news, Muriithi and Anyona. Among another celebrated client Khaminwa's law firm has represented is Kenya's former vice-president, Mr. Oginga Odinga, who was expelled from Kanu last May

for allegedly saying that Kenya was ripe for a second party. Just before Anyona was detained he had held a press conference in which he said Kenya was ripe for a second political party. Kenya has since become a *de jure* one-party state.

A holder of bachelor of laws degree from London University and a masters degree in international law from New York University, Khaminwa joined the defunct East African Community in 1968 as a principal assistant counsel rising to deputy counsel in 1971. He resigned on September 1, 1973 when he went into private practice. Khaminwa was born in 1936 in Kakamega and received his education at Musingu Primary School, Alliance High School, Kikuyu, and Makerere University College, Kampala. He and his wife Joyce, a partner in the law firm Khaminwa and Khaminwa, have four children — two boys and two girls. ■

CSO: 4700/1518

KENYA

MOI TELLS LANDLORDS NOT TO OVERCHARGE TENANTS

Nairobi MSETO in Swahili 9 May 82 p 2

[Editorial: "The President's Wise Admonition"]

[Text] When President Daniel arap Moi spoke at a gathering to celebrate workers day this year, he spoke at length on the housing problem.

President Moi advised that the City Council of Nairobi along with certain companies should build houses for their people to live in. There is no doubt that President Moi issued this admonition after seeing how people were upset over the housing problem.

He said that wealthy landlords are using this problem of housing as a means of harassing their tenants by charging higher and higher rents. He warned that this behavior should be stopped.

Also, President Moi advised that all housing problems must be taken to the housing courts instead of being taken to politicians.

Without doubt this is in an effort to thwart politicians' plans to manufacture political issues out of problems such as housing, etc.

It is clear that some politicians want to manufacture a political issue out of problems such as housing and unemployment as a means of building up their own political base. Such behavior does not help minimize current problems, it only aggravates them.

9216

CSO: 4749/36

MAGUGU PRESENTS KENYA'S BUDGET

Nairobi THE WEEKLY REVIEW in English 18 Jun 82 pp 26-38

[Text]

THERE was little cheer in this year's budget which the minister for finance, Mr. Arthur Magugu, presented in parliament on Thursday this week. The sombre message of Magugu's two-hour presentation of fiscal measures for 1982-83 was to sound the need for severe curtailment of government expenditure which had been escalating sharply in recent years. Magugu estimated that despite innovative measures he proposed to introduce in raising adequate revenue to finance government expenditure, there would still be a shortfall amounting to £83.6m. His repeated references to the need for government ministries to rollback expenditure and for leaders to avoid making promises for money without first checking fiscal provisions, underlines the seriousness of the situation. He repeated the warning given by the vice-president and his predecessor, Mr. Mwai Kibaki, that the era of soft options was over. Borrowing externally was tighter, forcing the government to rely more and more on domestic borrowing which was shrinking with the dwindling liquidity position. Among measures Magugu announced include sales hikes on imported whisky, gin, brandy and vodka, plastic jars and containers, wigs, sodas and fruit juices, and imported tin and aluminium. He also announced moves to seal existing tax loopholes including overseas payments of alimony and also appointment of customs agents to bring more manufacturers under the sales tax net.

Following is the full text of Magugu's speech:

MR. Speaker, Sir,

I beg to move that Mr. Speaker do now leave the Chair.

THE STATE OF THE ECONOMY:

It is a tradition, Mr. Speaker, to begin the presentation of the Budget with a review of the economic circumstances facing the nation; and thereafter to dwell on the financial prospects for the following financial year during the course of which the main taxation

proposals are revealed. But before I do that, I want to take this opportunity to pay tribute to H.E. the President for his continued guidance of this country during rather difficult economic circumstances. Although the economy continues to be affected by adverse international forces, our institutions have, under H.E. the President's leadership, weathered such global storms with resilience and the economic

health of our nation remains robust in comparison with many other developing countries. Indeed, H.E. the President's fortitude has been physically demonstrated to us through many acts and speeches. All of us should therefore resolve collectively and individually to support his efforts.

In addition, Mr. Speaker, I also wish to record my appreciation for the work carried out within the Ministry of Finance by my last two predecessors, the Hon. James Gichuru, Minister of State and the Hon. Mwai Kibaki, Vice-President and Minister for Home Affairs. I am sure Honourable Members will agree with me that these two distinguished members of this House, have given unparalleled service to economic management of this Nation, and I would like that tribute, Mr. Speaker, to be duly recorded. It is the continuity provided by the linkage between the Harambee and Nyayo eras that gives me confidence to undertake the fourth Nyayo budget. As I do so, Mr. Speaker, I want to stress at the outset that my statement this afternoon will focus primarily on the Government's response to the growing domestic fiscal imbalance as well as the general problems of financial management in the public sector.

To put this theme into perspective, Mr. Speaker, it might be useful if I drew the attention of Honourable Members to the significance of today's proceedings. The occasion of the Budget Day, Mr. Speaker, affords the Minister for Finance an opportunity to inform the House about the Government's spending plans for the coming financial year. The annual budget outlines the Government's spending priorities as well as the financing plans of such expenditures as may be approved by this Parliament. This plan emerges from the longer term five year plan which is further refined within the process of the Forward Budget exercise. This exercise takes place throughout the year; and the final

plans in the form of the Printed Estimates of Recurrent and Development Estimates only emerge after serious review by Treasury and operating ministries. It is important therefore that Honourable Members keep this broader background in mind as I proceed to analyse what the Government's spending programme will be for the coming financial year.

The annual budget also affords the Minister for Finance the opportunity of reviewing broad economic policies for the proper management of the economy in the short term. Such policies entail the translation of national goals as contained in the Development Plan into specific sectoral targets as well as general direction of Government action.

In outlining such policies, Mr. Speaker, my task is considerably eased by the comprehensive manner in which these policies have been treated in the recently issued Economic Survey for 1982. That document, Mr. Speaker, paints an international economic environment still deeply in recession with no clear signs of recovery in sight. High oil prices, interest rates and global inflation together with weak demand and low prices of our main agricultural exports have all conspired to frustrate the domestic forces of recovery. With the exception of the agricultural sector, the economy performed moderately during 1981. Throughout the year, we have lived through a weak balance of payments situation and our room for manoeuvre on the external accounts has been severely constrained. There was an acute imbalance between external receipts and payments, during much of 1981, and as a result our foreign reserves were drawn down heavily. Numerous factors contribute to this weakness in our balance of payments, but the most critical factors remain the high cost of petroleum imports, and the falling value of our principal exports. During 1981 export receipts amounted to only 75 per cent of import expenditures. It is this

problem, more than any other, toward which the structural adjustment programme is directed. In the meantime careful attention will be given to Kenya's external obligations to ensure proper adjustment in the balance of payments.

With regard to domestic financial conditions, during calendar year 1981 money supply increased by 13.3 per cent, somewhat below the rate of increase in GDP at current prices. Preliminary estimates indicate that growth of the money supply will be marginally higher over the fiscal year ending 30th June at approximately 15 per cent and that private sector credit will increase slightly more than public sector credit during the final six months of this period. The resources of commercial banks continue to be strained, with virtually no real growth (i.e., after adjustment for inflation) occurring in the major categories of assets and liabilities. Non-bank financial institutions are continuing to expand their operations, and at present nearly a quarter of all credit is arranged through these institutions. While the vitality of financial institutions as well as insurance companies is certainly desirable, the Government is

nevertheless concerned to maintain a healthy balance between traditional commercial banking activities and those of the non-bank financial institutions.

Management of the monetary and banking system during the last year was flexible. While numerous policy instruments are employed in carrying out these responsibilities, the most significant actions during the past year have been adjustments in interest and exchange rates. Minimum deposit and maximum lending rates of commercial banks were raised twice during 1981 — by a total of three percentage points. Likewise, the exchange rate was also adjusted twice during 1981. These measures have yet to show their full effect on the adjustment process; but we are confident that the present monetary and other policies being pursued by the Government will result in the appropriate adjustments.

Finally, although there are hopeful signs of recovery, largely due to better agricultural prospects, indications are that there will be no rapid growth in the medium term. Overall, we expect a growth rate of about 4.5 per cent, a slightly more rapid rate of inflation and a continuing current account deficit.

Notwithstanding these difficulties, Mr. Speaker, it is my view that the Government's attention must be focussed on the domestic causes and cures of our present economic condition. This, Mr. Speaker, will be the theme of my speech this afternoon.

I begin first by outlining the nature of the economic difficulties facing the Nation. During the last decade, the capacity of the Government to provide essential services to Wananchi has been increasingly and seriously strained by the growing gap between Government revenues and expenditures. In earlier years, Mr. Speaker, it was possible to sustain this gap through continued inflows of external resources in a context of a buoyant domestic economy. Management of the budget deficit in those circumstances was less problematic, and on the whole, fiscal and monetary policies pursued by the Government acted to reinforce the momentum for economic growth in the private sector. However, as my distinguished predecessor, the Hon. Vice-President and Minister for Home Affairs observed in his last Budget Speech, the era of soft options is now behind us.

In spite of the slowing down in the rate of growth of the economy, the momentum of Government spending has continued unchecked. Between 1976 and 1981, Gross Domestic Product at market prices increased by 66 per cent. During the same period, current revenue increased by 123 per cent—an exceptional effort in the

circumstances. Commitments to the Consolidated Fund Services, from which Government makes its debt repayment increased by 210 per cent. Revenues available to ministries could therefore increase by only 110 per cent much less than the growth of current revenue. Expenditure by ministries, however, increased by 129 per cent. Hence more and more deficit financing was required although actual Government borrowing from the banking system was somewhat ameliorated by inflows of foreign grants. More recently, the terms of external borrowing have hardened and interest rates on Eurodollar loans are approaching 17 percent. Government is therefore ultimately forced to rely on increased domestic borrowing. Such a situation, however, is clearly economically untenable and fiscally imprudent. In the first place, Mr. Speaker, high levels of Government expenditures and external debt service in conditions of scarce Government revenues tend to increase imports and capital outflows, thus further weakening the balance of payments. Secondly, Government requirements for revenue and domestic credit drain the private sector of funds needed to finance economic expansion. The inescapable conclusion, Mr. Speaker, is that because potential Government revenues are limited, and the Government's borrowing capacity is now severely constrained, the budget deficit can now only be brought under firm control by curtailing Government expenditures.

Yet Mr. Speaker, Sir, we might pause and ask what are the prospects for curtailing Government expenditure? A review of the financial out-turn for the current financial year, convinces me, Mr. Speaker, that there are far too many people in Kenya who have as yet to appreciate the seriousness of the current financial problem facing the Nation. Expenditure by ministries continues in many cases to outstrip available resources. Indeed as the recently issued Report of the Controller and Auditor-General for 1980-81 indicates this practice has become almost chronic. In addition to over-spending, and despite

the obvious nature of our financial problem, ministries continue to make unrealistic demands from the Treasury well in excess of the ceilings indicated. Sadly, one detects an apparent unwillingness of top managers in Government to appreciate the magnitude of the fiscal problem facing the Nation. This, together with the general lack of financial discipline in many ministries is very disturbing; and I shall say more about it later. Suffice it to say at this juncture, that as His Excellency the President has said on many occasions, we must as a Nation, learn to live within our means.

In doing that, we are convinced that the economic strategy which we have chosen for ourselves is the right one. When it has been necessary to make adjustments in the face of changing circumstances, we have not as a Government and a people hesitated to do so. Our faith in the principles of African Socialism as outlined in Sessional Paper No. 10 of 1965 and as practised by the ruling Party KANU, remains unshaken. We cannot, therefore, Mr. Speaker, accept the uninformed and misguided arguments of those who would like us to change our course and follow some alien ideologies. As H.E. the President has so often stressed, we must proceed from the known to the unknown. We shall therefore be guided by our own experience in determining how best to respond to the development needs of our people. The starting point of this task must be the restoration of the integrity and authority of the budget as the central framework for the allocation of Government financial resources.

FINANCIAL OUT-TURN 1981/82

Mr. Speaker, Sir, I now turn to the review of the budget out-turn for the current financial year.

RECURRENT REVENUE:

During the last budget, it was estimated that ordinary recurrent revenue would amount to K£729 million, and Appropriations-in-Aid would be K£35.57 million, making a total of K£764.57 million. This recurrent revenue was to comprise of K£247.9 million from Customs and Excise, K£201 million from Income

Ksh186.9 million from Sales Tax, and Ksh94.0 million from other taxes. I am glad to report, Mr. Speaker, that once again, Government efforts in raising revenue have been successful, and we expect that we shall exceed these targets by the close of the financial year on 30th June. Indeed, as of 30th May, Government revenues stood at a total of Ksh667.5 million. Significant improvements were registered in the Collection of Income Tax, Sales Tax and other minor taxes, and I take this opportunity to congratulate the various revenue Commissioners for their excellent work in this regard. Taken together with Appropriations-in-Aid, I expect that the Gross Revenue for 1981/82 will amount to Ksh833.45 million, compared to the forecast sum Ksh764.57 million.

Recurrent Expenditure:

Turning now to expenditure, the 1981/82 Printed Estimates indicated Gross Recurrent Expenditures of Ksh702.3 million, comprised of ministries Gross expenditure of Ksh545.78 million and Consolidated Fund Services of Ksh156.55 million. Again, and in spite of the severe warnings on the need to adhere to the budgeted estimates issued by my distinguished predecessor, this figure has had to be adjusted, with the authority of Parliament last week, by a

net sum of K£40 million thus bringing the Gross recurrent expenditure of ministries to a total of K£628.1 million. Commitments to the Consolidated Fund Services also increased during the year by K£13.45 million arising from the adjustment in the exchange and interest rates in September 1981. All in all, issues from the recurrent expenditure during 1981/82 are estimated at K£826.4 million compared to the forecast of K£760.1 million.

Three factors account for this significant variation from last year's forecast levels of expenditure; namely, the increase in the provision for Consolidated Fund Services I have just noted; the significant carry-over of approximately K£20 million from previous financial years, and inevitable increases in costs of Government programmes due to inflation.

Taking the revised revenue collections estimated at K£833.45 million, I expect to transfer a sum of K£7.02 million to Development Exchequer.

DEVELOPMENT EXPENDITURE:

The 1981/82 Printed Development Estimates projected a net expenditure of K£253.5 million and Appropriations-in-Aid of K£28.3 million, making a gross total development expenditure of K£281.8 million. The net approved

development estimate of K£253.5 million was also adjusted by a sum of K£32.5 million during last week's Supplementary Appropriations Bill thus bringing the net total Development Expenditure to K£286 million. The Appropriations-in-Aid in Development Exchequer were also adjusted by a sum of K£10 million, making a total of K£38.3 million. All in all, gross development expenditure during the 1981/82 financial year is expected to be K£324.4 million compared to the original estimate of K£281.8 million.

In spite of this upward revision of proposed development expenditures, it is unlikely that ministries will spend the entire voted amount by the end of the financial year. The conjunction of underspending by certain ministries and requests for Supplementaries by other ministries must, Mr. Speaker, appear paradoxical .. Honourable Members. But as explained during last year's budget speech, it is never possible, Mr. Speaker, to anticipate the entire expenditure programme of the Government at the beginning of the financial year. Unexpected expenditure requirements may arise in the course of the financial year; and in certain cases, the priorities attached to some projects may be altered just as unforeseen bottlenecks in project implementation

may also arise. The capacity of various ministries to undertake certain development projects also differs, and it is possible that certain projects could be completed ahead of schedule. For these reasons, it may become necessary for the Minister for Finance to seek the authority of this House to make the necessary adjustments to the Government's annual financial programme.

But understandable as these reasons may be, Mr. Speaker, the institutionalisation of annual Supplementary Estimates and departures from the printed estimates are symptoms of a much deeper disease in our financial control systems. Mr. Speaker, Sir, I have already remarked on the deterioration in financial discipline within ministries. But even more disturbing Mr. Speaker, is the desultory and perfunctory manner in which ministries as a whole treat the Budgetary process as well as planning and implementation of development projects. As I have already indicated in the beginning of my speech, the budget is not merely the accounting framework of Government financial operations. The annual budget is also the means of translating the Government's economic plans into concrete programmes of action. Development expenditures are therefore expected to have a direct impact on national development. But to do so, such expenditures must be carefully planned and co-ordinated

with recurrent expenditures such that there are no unnecessary delays and large escalation in costs in project implementation.

Thus, Accounting Officers must be concerned with the broader aspects of project management as well as financial control. This means that before embarking on a certain project, spending units must ensure that funds for project financing are available and properly voted for. This commonsense approach will ensure that certain facilities are not physically completed and left idle for lack of appropriate personnel and other inputs. In any case, Mr. Speaker, we should have no instances where projects are started before they are approved by the Treasury through the normal budgetary process.

In establishing their requests for funds from the Treasury, ministries must also endeavour to accurately and realistically assess their requirements. The practice of under-budgeting in order to artificially stay within indicated ceilings is to be equally condemned as the practice of inflating requirements for funds. Mr. Speaker, all I am pleading for is an injection of professionalism in budgeting within ministries. The traditional adversary relationship between Treasury and spending ministries must be replaced with a common analytical approach to financial programming. In this

connection, it is important to ensure proper control over commitments as well as expenditure. In addition I wish to appeal emphatically to all leaders to refrain from making promises for expenditure without first ascertaining that funds have been properly voted for.

I would also appeal to public officers to take a responsible attitude towards public funds. Many officers Mr. Speaker, approach the expenditure of public funds with a careless attitude. Such attitudes are well summed up by the Swahili phrase—"Hii ni mali ya Serikali"; meaning that since Government resources are apparently inexhaustible; one can afford to be extravagant in the expenditure of such public funds. This attitude manifests itself in costly procurement practices, deliberate contract variations, and general dishonesty in accounting for funds. This general lack of commitment Mr. Speaker, is in my view, very damaging. It leads to expenditure of funds without relating such expenditure to the specific development objectives in the belief that spending of money is evidence of accomplishment, even when such expenditure

is on trivial items. Clearly, Honourable Members will agree with me that if funds intended for the construction of say 20 classrooms are used for the construction of only 10 such units; then something has gone seriously wrong.

I might, therefore, be excused, Mr. Speaker, if at this juncture I issue a stern warning to all spending units that I expect absolute compliance with Treasury instructions on expenditure control and other aspects of financial management. Since the last budget speech, Treasury has issued detailed instructions on expenditure control; but although certain ministries are doing their best to adhere to these instructions, certain spending units continue to blithely ignore such instructions. Whereas Treasury is doing its best to improve financial control and monitoring procedures, I would like to reiterate to the House, that the budgetary process shall remain the sole framework for resource allocation and management of public funds.

In this connection, Honourable Members may recall that during last year's budget speech, My Honourable predecessor promised the House that an Economy Commission would be established to look into specific ways of improving financial management in Government and curtailing public expenditure. It is my pleasure, Mr. Speaker, to inform the House that H.E. the President did appoint such a Working Party in January this year; and that Working Party on Government Expenditure has just presented its report to His Excellency the President. That report, Mr. Speaker, contains many useful specific suggestions for restoring financial discipline and diligence in the public sector, and no doubt, Hon. Members will have an opportunity to discuss these measures at the appropriate time. For the moment, it is the intention of the Treasury to pursue even more vigorously the fiscal adjustment programme on which we embarked last year.

During the last budget speech, my predecessor announced certain measures designed to boost savings; namely, the Save as You Earn Scheme operated by the Post Office Savings

Bank and the Housing Development Bonds which were to be issued by the Housing Finance Company of Kenya Ltd.; and the Savings and Loan Ltd. Hon. Members will recall that deposits under these schemes were to be tax free for amounts upto to KShs. 250,000 and KShs. 500,000 respectively. The Save as You Earn Scheme, Mr. Speaker, was launched last October, and I am now informed that the scheme has 50,000 thousand contributors making savings of about Shs. 5 million per month, over and above the Savings Bank's other 1.1 million depositors. This is indeed a very commendable effort.

Housing Development Bonds have only been recently launched and I would urge the larger savers to make use of this scheme. During the coming financial year, the Treasury will examine the domestic financial market with a view to introducing other financial instruments in the effort of mobilizing domestic savings.

Work towards introduction of a comprehensive insurance bill promised last year, is also very advanced, and it is my intention to table before this House the new Insurance Bill before the end of this calendar year. The Bill has been extensively discussed between Treasury and the insurance industry and I take this opportunity to thank the industry for their positive comments on various drafts of the Bill.

Mr. Speaker, those Members with a longer memory will recall that the Hon. Mwai Kibaki had promised the House that an Agricultural Development Bank would be created soon. The necessary policy preparation for the establishment of this vital institution is also fairly advanced, and it is my hope that the creation of an Agricultural Development Bank could be announced during the course of 1982/83 financial year.

In the area of External Debt management, a great deal has also been achieved. We now have in place within the Treasury a proper debt management

and reporting system which should enable the Government to keep track of its various external borrowing arrangements. Mr. Speaker, I shall be outlining other management systems for better financial control within Government later on in my speech. I would now like to turn to a review of the financial prospects for the coming fiscal year.

PROSPECTS FOR FINANCIAL YEAR 1982/83:

During the next financial year, we intend that the financial programme of the Government will entail a reduction in the size of the budget deficit from the anticipated level of 7.5 per cent of Gross Domestic Product at the end of this financial year, to 6.5 per cent of the Gross Domestic Product at the end of June next year. Such a reduction in the size of the deficit can only come about through cuts in expenditures since the scope of increasing Government revenues and further taxation are limited.

MANAGEMENT OF REVENUES:

The assessment of collection of tax revenues is the major way in which national resources are directed to Government use. In capturing such resources for itself, the Government reduces the resources available to other sectors. Tax and non-tax revenue now amount to about 25 per cent of the Gross Domestic Product at market prices. In our view, this figure is already too high and should be gradually brought down to a lower level.

I know Hon. Members will agree with me that Government's efforts in raising revenue should shift to spreading the tax burden to all those who do not currently contribute their fair share of taxation rather than to increased levels of taxation. Revenue collection efforts will therefore be aimed at closing loopholes, eliminating tax arrears and bringing new tax-payers into the tax system. Similarly, means of eliminating evasion of sales tax and custom duties will be enhanced and I shall be saying

more on this later on in my speech. Revenue collections from the tourist trade, multinational corporations and locally-based companies at present do not reflect the realistic potential of revenue yields from these sources; and all efforts will be made to recover as much revenue from these sectors.

Management of the Deficit:

I have already remarked that borrowing by the Government from the banking system on recent scales has deprived the private sector of the credit it requires for economic expansion. Such borrowing, Mr. Speaker, has also contributed to the current high levels of debt service payments and weakened our balance of payments. The overriding consideration of Government's monetary and credit policies in the immediate future will therefore be to increase the access of private agriculture, commerce and industry to domestic credit from commercial banks and financial institutions. To this end, credit to the Government from the banking system in the next financial year will be reduced and Government borrowing from the banking system will not be allowed to grow at such high rates as we have experienced in the last few years.

The size and composition of Government expenditures also influences the pace of economic activity. At present, Government expenditures amount to nearly 35 per cent of Gross Domestic Product, a figure substantially higher than Government contribution to Gross Domestic Product. Thus, the Government takes away more resources from the economy than its productivity justifies. It is necessary therefore that the level of Government expenditure is reduced, and the productivity of such Government activities improved.

Making such cuts, Mr. Speaker, could be quite easily done through arbitrary cuts across the board. The fiscal problem could then be said to be "solved"; but the momentum of development would be lost, and the pattern of development severely distorted. However, the challenge which faces the Government in the management of the economy in the medium and long term demands that the momentum of development is sustained despite restrictions on Government expenditures. That strategy calls for a review of the composition and level of Government revenues and expenditures by consciously emphasizing efficiency in resource allocation and utilization. This is so, Mr. Speaker, because even if fiscal balance is attained and productivity of Government expenditure remains low, the development impact of such expenditures will be lost.

To this end, Accounting Officers are urged to scrupulously follow Treasury instructions, particularly Circular No. 1 of February, 1982 which forbids the issuing of cheques without certifying that there is money in the Ministry's cash book. In addition, the Government is in the process of changing the format of its Local Purchase Orders so that those who commit Government to any expenditures can explicitly certify to the members of the public that funds to pay for such services or goods exist. We shall be making other innovations in financial control in the course of the year and I do not want to bore the House with what are really housekeeping matters in the Treasury.

However, I now want to turn my attention to a sector on which so much has been said recently, namely management of the parastatal sector.

MANAGEMENT OF GOVERNMENT INVESTMENTS:

Mr. Speaker, as Hon. Members are aware, H.E. the President has on many occasions called for improved financial performance in the parastatal sector. Yet performance in this sector as a whole remains disappointing. Since Independence, Government has made investments, including guarantees to

parastatals of about K£900 million. During the same period, Government has received only K£23.5 million in form of dividends. Furthermore, loan repayment by many parastatals remains erratic and in certain cases parastatals regard such loans from the Government as handouts. Treasury has, however, recently issued new guidelines in this area, and the response has so far been encouraging.

In the light of this dismal record, Hon. Members will agree with me that there is need for change in Government's investment policies in the parastatal sector. Consequently, the Government has decided that it will gradually withdraw from active direct participation in commercial enterprises. This is so, Mr. Speaker, because in our view many parastatals have exceeded their original mandates and have made investments in industrial and commercial activities in areas which strictly speaking are outside the proper domain of Government activities. The affairs of the Government have also suffered because of the inordinate time Senior Officers spend in trying to rescue ailing projects; not to mention the heavy burden such salvaging operations place on the Exchequer.

Time has therefore come, Mr. Speaker, for the Government to reconsider its approach in this area. In the meantime, the general supervision and direction of parastatals by Treasury as well as the Parastatals Advisory Committee will be strengthened.

More specifically, the financial planning and control of parastatals will be fully integrated into the Government's annual budget. Consequently, no new investments by parastatals will be allowed unless they have been included in their parent ministry's budget and approved by Treasury in the normal budgetary process. Furthermore, in future Treasury will expect prompt and adequate contribution by the parastatal sector towards the financing of the Government's long and short term domestic borrowing requirements.

Mr. Speaker, Sir, I now want to

touch on another related issue in the utilization of public funds. Honourable Members are aware that the Government has gone out of its way to assist farmers and traders with loans for crop production and other commercial activities. The repayment record of many of these loans is, to say the least, very disappointing. On a current year basis, only about one third of farmers are repaying their seasonal credit loans. Yet it is clear that crop failures do not occur every season. By not repaying their loans, these farmers and traders, Mr. Speaker, deprive others of access to credit and eventually force the Government to borrow even more money from the banking system in order to finance the needs of others. During the next financial year, we shall launch a special Task Force to recover all loan arrears both within the agricultural sector and the industrial and commercial sphere as well.

Mr. Speaker, Sir, I have dwelt on the need to improve management and use of resources in the public sector because as I have already indicated, the solution to our problems lies within our hands. As we approach the next financial year, we are determined to resolve the perpetual problem of imbalance between Government expenditures and revenues while at the same time laying the foundations of better financial and economic management in the future.

Mr. Speaker, I now want to turn to the forecast of expenditures and revenues for the coming financial year.

PROJECTED OUT-TURN: 1982/83

Expenditure: 1982/83

As Hon. Honourable members will no doubt have seen from their copies of the Printed Estimates, Gross Recurrent Expenditure of Ministries is estimated at K£953.4 million; comprising of net expenditure of K£868.2 million; and Appropriations-in-aid of K£85.3 million. In addition to this, there is a carry-over of Excess Votes of K£32.2 million for 1979/80 financial year. Thus estimated issues from the Recurrent Exchequer are expected to be K£985.6 million. Considering the rate of domestic inflation, the proposed recurrent expenditures are in real terms less than for the current financial year which is consistent with our policy of gradually reducing the share of Government expenditures in the Gross Domestic Product from its current high level to more manageable proportions. Once again, Mr. Speaker, I call upon all ministries to ensure that they live within these estimates so that we may once and for all get rid of the recurring problem of Excess Votes.

Honourable Members will note that once again, expenditure on Con-

solidated Fund Services will go up from K£139 million in 1981/82 to K£204 million during the next financial year. This as I have already indicated is due to the rising burden of debt repayments which we must honour as a country.

Development Estimates for 1982/83 call for an expenditure of K£370.1 million, including Appropriations-in-aid of K£86.6 million and Excess Votes for 1979/80 of K£13.4 million.

I do not intend to analyse further the details of either recurrent or development expenditure for now. Suffice it to say that I expect to finance a total expenditure of K£1,355.7 million. The rest of my speech will outline how I intend to do this.

EXTERNAL REVENUE 1982/83:

In view of the limitations on the growth of Government revenue I have mentioned earlier on, we shall continue to rely to some extent on the assistance of our international friends. I am confident, Mr. Speaker, that I speak for the whole House in paying tribute to H.E. the President's tireless efforts in this area. Not only has he journeyed to many parts of the world to win us new friends and strengthen long standing friendships between Kenya and many foreign countries; but he has brought to bear his diplomatic

skills on the need to increase humanitarian aid to the continent of Africa as a whole. The response to H.E. the President's efforts in this area has always been positive and for this assistance I would like to thank all our external friends.

I would, however, like to call upon such donors to consider increasing their level of programme assistance in addition to their traditional financing of projects. From our point of view, programme assistance is preferable because it assures speedy disbursement of funds. In addition, since the funds are not tied to specific projects, it enables the Government to finance projects in a comprehensive manner within the priority framework of the Budget.

Mr. Speaker, I have already noted that the terms of external borrowing are hardening; and it is my hope that more donors will soften their lending terms by increasing the share of grants and concessionary loans in their aid programmes. Several donors are already doing this and I appeal to others to do the same. In addition, I would urge more donors to adopt the practice of payments of project aid in advance so that the Government does not have to strain the Exchequer in spending its own resources before receipt of reimbursements from donors.

We on our part, Mr. Speaker, will make all efforts to ensure that the cycle of claims and reimbursements will be shortened so that the momentum of project implementation can be enhanced.

In the next financial year, I estimate that we shall draw some K£253.6 million from external sources in the form of grants concessionary loans and other external assistance from bilateral and multilateral sources. Thus I expect to finance 19 per cent of the total expenditure of K£1355.7 million from external sources. The main burden of financing Government expenditures will, however, remain on the shoulders of Kenyans and I now turn to how I intend to raise the balance of K£1102.1 million from local sources.

INTERNAL REVENUE 1982/83:

I estimate that ordinary revenue including local Appropriations-in-Aid should provide some K£933.5 million at current rates of taxation. Govern-

ment stock issues should provide another K£85 million from the non-bank sector, making a total of K£1018.5 million. I therefore have a gap of K£83.6 million to finance. The rest of my Speech will outline how I intend to do this.

NEW TAXATION PROPOSAL:

In my review of the current state of Government budget, I have warned of the great difficulties that we shall experience in financing public expenditure and the need for public officers to be cost conscious. In this connection, I have enumerated some of the measures to be taken to contain public expenditure.

Mr. Speaker, the remaining part of my Speech will therefore be concerned with how I propose to close the gap of K£83.6 million in Government spending while at the same time observing the policy guidelines I have already outlined. The Finance Bill published today contains amendments aimed at streamlining several existing fiscal measures and removing existing anomalies, as well as increasing the level of revenue. I would, therefore, ask that the rest of my Speech be regarded as being Notice of a Motion to be moved before the Committee of Ways and Means.

CUSTOMS AND EXCISE:

I begin with measures under the Customs and Excise Act. Many of the changes proposed in the Finance Bill deal with Customs and Excise. Before drawing the attention of the House to the most important of these changes, let me first deal with a few technical and procedural matters. The Finance Bill includes amendments to the Customs and Excise Act intended to rectify previous typographical errors and omissions. It also includes amendments to streamline and harmonise Tariff and Statistical Codes in accordance with the recommendations of the International Customs Co-operation Council.

Mr. Speaker, the Customs and Excise Act has no provision giving the Commissioner powers to appoint an agent to collect duty on his behalf as is the case with the Income Tax Act. Lack of this provision has created a problem where some manufacturers of excisable goods have sold the goods and refused to remit the duty to the Commissioner even where the Commissioner could have easily requested the buyer to remit duty direct to the Customs Depart-

ment. It is, therefore, proposed to provide the Commissioner with powers to appoint agents for collection of any payable duty.

Currently, the distress levied in the event of an excise licensee failing to pay duty does not include buildings, land or plot owned by such licensee. The distress can only be levied on machinery. In some cases, the machinery may be so old that substantial duty owed cannot be realised from the sale of such machinery. It is, therefore, proposed to broaden the coverage of such distress to include buildings and land. This will ensure that excise licensees pay duty when due and payable.

As Hon. Members may know, the East African Customs and Transfer Tax Management Act and the East African Excise Management Act ceased to have the force of law in Kenya following the enactment of the Customs and Excise Act in 1978. However, there is no provision under the latter Act linking administrative or legal obligations which arose under the former to allow continuity of the Department's operations. The effect of this omission renders some types of operations illegal and since, in practice, the continuity was inevitable, it is necessary that Parliament provides legal backing to such operations. There are, for example —

First, bond securities which were executed or given in favour of the then Commissioner-General for revenue protection which are still operating; Second, cases where duties which were due prior to the commencement of this Act were demanded and collected under this Act; Third, cases pending in Kenya law courts filed under the East African Community Acts but which continued to be heard for or against the Commissioner under the new Act; and Fourth, goods which were seized under the East African Community Acts but for which investigations had not been completed so that the respective cases had to be completed after commencement of this Act.

The Finance Bill contains a new section to provide a legal link between East African Community Acts and this Act.

Mr. Speaker, there are several cases where non-payment of duty may occur due to incorrect tariff classification,

such that lower rates of duty or duty-free admission of goods may be permitted. Changes are proposed in the Finance Bill to eliminate this situation. In addition, there are a number of cases where owners of transit goods fail to export them by the due date or do not account for the goods in accordance with the law. In all such cases the Customs Department demands the duty payable in addition to fines where applicable. Almost invariably, owners deliberately delay the payment of duties and taxes due, thereby depriving the Government of revenue. As in the case of the Income Tax Act, I propose to amend the law to provide that an interest of 10 per cent shall be chargeable where such delays occur.

Mr. Speaker, section 158 of the Act limits the period for demand for duty short levied or erroneously refunded to 12 months only. This period is obviously short in view of the large number of documents which have to be audited to establish the correct duty that is chargeable or refundable. A lot of revenue has been lost as a result of this restriction and I, therefore, propose to extend the period to 5 years to be in line with the average period of storage of customs documents.

There are also a number of other technical amendments in the Finance Bill intended to close loopholes in revenue loss and with which I shall not bore Hon. Members. These will be elaborated upon whilst the House is debating the Bill. I would now like to turn to the amendments which have direct revenue implications.

Hon. Members will recall that I increased the price of beers and cigarettes in April this year in order to avoid pre-budget hoarding which has characterised these products in recent years. To effect that increase, I amended the rates of sales tax and excise duty on locally produced beers and spirits respectively. In order to put the price of imported spirits at par with those of locally produced spirits, I propose to increase the rate of duty on imported whisky, brandy, gin, vodka, rum and other spirits from Shs.75/- per proof litre to Shs.100/- per proof litre. This increase will be effective from mid-night tonight. No additional increases will be effected in the price of beer in this Budget.

Mr. Speaker, during the last two years, the Government has been pur-

suing an import policy aimed at replacing quantitative restrictions and other industrial protection measures with equivalent tariffs. Since 1980, a lot of effort has gone into this reform; and members of the public now have access to a comprehensive Import Schedule which lists all our imports according to national priorities. This year, further rationalization of this process is envisaged by shifting some 517 items from Schedule II to Schedule I. Consequently, tariffs on some of these items may have to be raised to afford local manufacturers adequate protection. In addition, I also propose to correct tariff anomalies which have been brought to our attention by local manufacturers during the course of the year.

Accordingly, duty on imported plastic jars, bottles and paper containers will be raised from 50 per cent to 60 per cent. Duty on ceramic tiles and tableware will be raised from 40 per cent and 50 per cent respectively to 80 per cent. Similarly, duty on imported iron, copper and aluminium articles will be raised by an additional 10 per cent.

The Government has for some time now been aware of an anomaly in the pharmaceutical industry where drugs are imported duty-free while the raw materials used for the local manufacture of drugs are dutiable at varying rates. The effect of this situation is that local manufacturers of drugs have found it difficult to compete effectively with importers of finished drugs. In order to remove this anomaly, I propose to remit duty on raw materials used by genuine local drug manufac-

turers with effect from tomorrow. A legal Notice to effect this measure is published today.

EXPORT TAXES:

Mr. Speaker, export duty on coffee and tea is currently charged at the rate of 15 per cent of the difference between the price realised per tonne and the threshold of K£1,000 per tonne. Costs of coffee and tea production have, however, risen since the days of the coffee boom, and in order to give a break to farmers I propose that export duty on coffee will in future be calculated on the basis of average price realised in the quota and non-quota markets. Furthermore, the rate of export duty on coffee and tea will be progressive such that where the price does not exceed K£1,500 per tonne, the rate of duty shall be 10 per cent of the difference between the realised price and K£1,000 per tonne. The rate of duty shall rise progressively such that should there be another coffee boom in the future so that prices exceed K£3,500 per tonne, the rate shall be 25 per cent.

The effect of the changes I have announced in export duty as Hon. Members may have already guessed, is that farmers will now get more for their produce. I consider this relief farmers fully justified.

Considered together, the measures I have announced on Customs Tariff, which will take effect from mid-night tonight, will provide the Exchequer with additional revenue amounting to K£6.51 million.

Sales Tax:

Mr. Speaker, I would now like to turn to Sales Tax. The Sales Tax Act requires manufacturers with a turnover of more than Shs. 200,000 to apply to the Commissioner for registration for the purposes of the Act. Unfortunately, some eligible manufacturers have decided not to register themselves and are therefore not paying the tax even though their selling prices often include sales tax. These manufacturers are not only cheating the Government but also the public. I am therefore amending the law to provide the Commissioner with powers to register these manufacturers and to assess tax due and payable retrospectively from the date that such manufacturers became eligible. This, Mr. Speaker, is one of the measures we intended to take to bring more manufacturers into the tax net.

As Hon. Members are aware, fruit juices and sodas have become significant beverages. In order for the Exchequer to maintain its fair share of this rapidly growing trade, I propose to increase the rate of sales tax on fruit juices from 25 per cent to 30 per cent and that of sodas from 40 per cent to 50 per cent. This should result in an average increase in the price of sodas of 20 cents per bottle.

Mr. Speaker, Hon. Members may recall the lively debates which have taken place in this Chamber on the subject of wigs. I am still convinced that our women's hair is superior to any artificial substitutes, and I therefore propose to raise the rate of sales tax on wigs by 35 per cent. Similarly, those who are rich enough to afford videos and thus can afford to watch films at home instead of patronising local cinemas will pay an additional 20 per cent of sales tax on videos.

The measures I have just announced on sales tax will provide the Exchequer with an additional K£3.76 million.

INCOME TAX:

Mr. Speaker, I shall now turn to income tax. As Hon. Members are aware, there are still many tax loopholes which are exploited by taxpayers. Several amendments to close such loopholes are proposed in the Finance Bill.

First, section 3(2)(d) makes alimony liable to tax if it is derived from Kenya while under section 15(3)(c) payment of alimony is deductible before computing tax liability. One of the problems with this arrangement is that where the recipient is non-resident, such payments could easily escape taxation particularly because there is no withholding tax on alimony. The second problem is that by exempting alimony from tax where the person making the payment is paying tax at a higher rate than the person receiving it, the Government subsidises the couple to the extent of the difference between

what tax would have been paid and what has actually been paid. Finally, while the total family relief is only K£84 per annum, there is no limit on the amount of alimony a person can claim to have paid and with collusion of the recipient, the amount can be inflated to evade tax. To close this loophole, alimony shall cease to be deductible for tax purposes and the same shall not be taxed on the recipient.

Secondly, lease-hire payments for non-commercial vehicles are not allowed as deduction for income tax purposes. In order to circumvent this prohibition some people have resorted to registering private cars as commercial vehicles so as to get lease-hire payments deducted for income tax purposes. In order to close this loophole, the Act will be amended to define the commercial vehicles which will be eligible for this deduction and also to eliminate further abuse of lease-hire arrangements.

Thirdly, section 12(1)(b) of the Act, encourages tax evasion by making lease-hire arrangements more attractive compared to purchase of assets. This is particularly so for commercial vehicles, and I intend to amend the law to restrict the capital sum which can be included for calculation of tax deductions.

Mr. Speaker, Hon. Members will recall that the rate of capital gains tax was reduced by half last year in order to enable sellers to put more houses, shares and stocks in the market. Judging by the current prices of houses and stocks in the market, the sellers do not seem to have responded to this incentive and I propose to reduce the rate of capital gains tax on companies and individuals further by half. This measure will cost the Exchequer some K£2 million in revenue.

TAX RESERVE CERTIFICATES:

Finally, Mr. Speaker, Tax Reserve Certificates are issued by the Treasury to enable companies and individuals to

are more complex and require reforms in the manufacturing technologies themselves, management and improvements in labour productivity before the advantages of export subsidies such as the export compensation scheme could enhance international competitiveness of our exporters of manufactured goods. In the light of these revelations, it has been decided to suspend the Export Compensation Scheme with immediate effect. Consequently, no further payments under this Scheme will be made from midnight tonight.

In the meantime, Government is examining a comprehensive package of export incentives which will be unveiled during the course of the year. For the moment, exporters should take advantage of the recent adjustment in the rate of exchange the Kenya Shilling to penetrate new export markets and increase the volume of their manufactured exports.

Kenya Shilling to penetrate new export markets and increase the volume of their manufactured exports.

The suspension of export compensation will benefit the Exchequer to the tune of K£13.5 million in foregone payments.

HOTEL ACCOMMODATION TAX:

Mr. Speaker, I would now like to close a couple of loopholes in Hotel Accommodation Tax.

First, the Hotel Accommodation Tax Act defines the word "hotel" as any premises, including those known as game "lodges", in which accommodation only or accommodation with food, is supplied or is available for supply to five or more adult persons at any time in exchange for money or other valuable consideration. This definition has been used by hoteliers to evade tax by:-

either removing the beds during the day to make the number of beds appear less than five and returning them at night;

or contending that beach cottages, bungalows and bandas do not qualify as hotels even where these premises are hired for short and long period at varying charges, and

or stating that they have converted their lodging rooms into residential rooms to collect rent on monthly basis.

In order to close this loophole, I propose to redefine the word "hotel" to include cottages, bungalows, apartments, bandas, and rented camps let on service tenancies or on written lease for specified or unspecified period.

Second, section 3(2)(b) of the Act provides that tax payable "in any other case shall be equal to ten per cent of the charge for hiring or occupation". This has provided a loophole for tax evasion in that contracts between hoteliers and tour operators include provision of food and accommodation. However, when hoteliers compute tax, they charge accommodation only. The result is under-payment of tax. I, therefore propose to close this loophole by providing that the tax shall apply to both accommodation and food. -

Third, some hotels do not keep registers or issue receipts. As a result, no tax is collected on such hotels as there are no records. It is, therefore, proposed to make it mandatory for hotels to keep records.

Fourth, as it stands now, the Act has no provision for tax collection where no records are kept by the hotelier. It is therefore easy to avoid tax by simply not keeping records. To close this loophole, I propose to provide a provision to enable the Controller of Inland Revenue to charge a presumptive tax on the basis of charges and the number of rooms.

Finally, section 8 requires the defaulter to pay penalty equal to one half of the amount of tax in respect of which he is in default. The amount owed by hoteliers to Government in form of tax is civil debt. Like all civil debts, courts take a long time to recover them and I therefore propose that the tax and penalty shall be recovered through the process of distress as in other taxes. Another anomaly in the Act is that there is no legal provision empowering the courts to order recovery of tax due in the event of conviction. I propose to introduce such a provision.

These measures will provide the Exchequer with an additional K£700,000 in revenue.

TRAFFIC AND TRANSPORT LICENCES:

Mr. Speaker, I would now like to turn to the motorists. As the Hon. Members are aware, the cost of maintaining our roads has increased considerably in recent years and it is only fair that those who drive on these roads should pay more towards their maintenance. Accordingly, I propose to make the following changes in the level of fees charged under the Traffic Act regulations:-

First, drivers licence fees will be increased from Shs.70/- to Shs.100/-.

Second, road licence fees on motor vehicles will be increased progressively such that for a car whose engine capacity does not exceed 1000 c.c., the fee will be raised from Shs.200/- to Shs.300/-. For those who enjoy driving bigger cars, the fees will be raised progressively to a maximum of Shs. 7,500/- for cars with engine rating exceeding 5000 c.c. This increase is compatible with Government policy to reduce consumption of petrol.

Third, commercial and public service vehicles exceeding 5,500 kg. will have their road licence fees increased progressively such that those whose tareweight exceeds 5,500 kg. but does not exceed 6,000 kg. will pay an additional Shs.1,000/- while those with tareweight in excess of 6,000 kg. will be charged an additional Shs.250/- for every 500 kg. or part thereof.

These measures, plus minor increases in other fees paid to the Registrar of

Motor Vehicles will provide the Exchequer with an additional K£3.05 million.

FIREARMS ACT:

Mr. Speaker, the security of one's life and property is guaranteed in our Constitution. It is for this reason that the Government provides adequate resources to the security forces to enable them perform their duties satisfactorily. In spite of these free services, however, some people still prefer to provide themselves with extra protection by owning guns. I guess these people do so in order to protect their properties and therefore are able to afford higher taxes. I therefore propose to increase licence fees on firearms from the present small charge of Shs. 40/- for a pistol or revolver to Shs. 1000/-.

REFINERY THROUGHPUT TAX

Mr. Speaker, the East African Oil Refineries Limited charges its refining fees in dollars. As a result of the devaluation of the Kenya Shilling last year, the level of refining fees rose considerably in Kenya shillings. This led to substantive windfall profits to the Company and although Government is a shareholder in the Refinery, it is my view that the Government's share of the profits could be considerably enhanced by introduction of a Throughput Tax on processing of crude oil. Accordingly, the Government has today published a Refinery Throughput Tax Bill which will impose a tax on the refining fees charged at the Refinery with effect from the 1st of July this year. The tax shall be 15 per cent of the refining fees. This tax shall not be passed on to the

users of the Refinery and there will therefore be no need to increase petrol prices. This new tax will provide the Exchequer with an additional K£3 million in revenue.

Banking Act:

Mr. Speaker, as I have already appraised the House, these are difficult times for Kenya and it is necessary for the Treasury and the Central Bank to work closely in the implementation of monetary policy. I therefore propose to harmonise the Central Bank of Kenya Act with the Banking Act as proposed in the Finance Bill, in order to make this closer co-ordination possible.

Mr. Speaker, there has been an upsurge in the number of applications for the operation of new banks and financial institutions recently and I guess this is as a result of the high profits realised in the banking sector. I

think the Exchequer should share in these profits and I am accordingly increasing the level of bank licence fees as follows:

First, where an application is made to the Treasury for authority to conduct banking or financial institution business, or where an existing bank or financial institution applies for authority to open another branch, a non-refundable fee of Shs.1,000/- will be paid by the applicant. This fee shall not be refunded even where the application is eventually rejected.

Second, licence fees paid by banks operating in municipalities, town councils and urban councils will be doubled. As has been the case in the past, no licence fees will be charged on branches in market centres.

Third, licence fees paid by financial institutions will be increased from Shs. 30,000/- to Shs.100,000/-. Every additional branch shall now pay Shs. 50,000/- per year.

These increases will provide the Exchequer with an additional K£250,000.

BETTING, LOTTERIES AND GAMING ACT:

Mr. Speaker, nobody can afford to play with money if he or she does not have some. Accordingly, I propose to charge licence fees on permits authorising the use of amusement machines. This will yield an additional K£50,000 in revenue.

PRICES OF BOOKS:

Honourable Members may also have observed that the prices of books, particularly text-books in this country are extremely high. Parents are forced to spend a lot of money every year on purchases of books, but publishers exploit this hunger for knowledge in our children, despite the fact that publications are not subject to taxes. In order to eliminate this practice, it has been decided that from now on, all publishers must indicate on the cover of the books, the recommended retail prices so that Wananchi are not exploited by unscrupulous booksellers.

This measure has no immediate revenue implications, but it should lead to considerable savings in our education budget.

ESTATE DUTY:

In accordance with the wishes of the ruling party, KANU, this House has already passed a Bill to abolish estate duty whose implementation was not in keeping with African traditions. This abolition will affect all persons dieying after 1st January, 1982 and will cost the Exchequer some K£1.8 million.

CONCLUSION:

Taken as a whole, the new taxation measures introduced today will bring a net addition of revenue of K£27 million. I shall, therefore, still be left with a residual deficit of some K£55.6 million to be financed from short-term borrowing. Since this sum includes Excess Votes which have in reality already been financed, it is my view that this level of deficit financing is sustainable.

In conclusion, Mr. Speaker, I have today outlined measures which I believe should bring us back to the path of fiscal prudence. Implementation of these measures will not be simple. However, the consequences of failure to adjust our expenditures to the resources available to the nation would place intolerable strains on our economy. We must, therefore, undertake those measures which are necessary for fiscal stability. In the past, Mr. Speaker, we as a nation have always faced whatever crisis confronted us firmly and with determination to overcome it. And we have, as the countrywide economic and social development now visible in our nation demonstrates, always succeeded. So, as we think about the measures which I have proposed today, let us remember that under the able leadership of our beloved President, and guided by the principles of Peace, Love and Unity, we shall not only succeed but establish a more solid foundation for future development.

Mr. Speaker, I beg to move. ■

Summary of Taxation Proposals

TAXATION PROPOSALS

This part of the Financial Statement summarises tax proposals set out in the Finance (No. 3) Bill, 1982.

A. CUSTOMS TARIFF:

The following changes will be made in the Customs Tariff with effect from 18th June, 1982 (N.B. not all individual items affected are specified here and reference should be made to the Finance Bill for the details):—

1. (a) duty on imported whisky, brandy, gin, vodka, rum and other spirituous beverages will be raised from shs. 75/- per proof litre to sh. 100/- per proof litre.
- (b) duty on imported bottles and jars will be raised from 50 per cent to 60 per cent.
- (c) duty on imported tyres and tubes will be raised from 40 per cent to 60 per cent.
- (d) duty on containers made of paper and paperboard will be raised from 50 per cent to 60 per cent.
- (e) duty on imported bath tubs, sinks, cisterns, lavatory bowls and similar sanitary ware, will be raised from 30 per cent to 60 per cent.
- (f) duty on imported ceramic tiles and tableware will be raised from (40-50) per cent to 80 per cent.
- (g) duty on imported iron, steel and articles thereof will be raised by average of 10 per cent.
- (h) duty on imported copper articles will be raised from 30 per cent to 40 per cent.
- (i) duty on aluminium articles will be raised from 30 per cent to 40 per cent.
- (j) duty on computers will be raised from 40 per cent to 150 per cent.
- (k) duty on parts of bicycles will be raised from 30 per cent to 60 per cent.

(l) duty on imported trailers and semi-trailers will be raised from (20-40) per cent to 100 per cent.

(m) duty on golf clubs will be raised from 10 per cent to 50 per cent.

2. **Export Duty** — Export duty on coffee and tea will be charged at progressive rates. Duty on coffee will, however, be charged on the basis of the average price realised in quota and non-quota markets. This will have the effect of reducing the overall export duty paid on coffee.

Considered together, the proposed changes in Customs Tariff will provide an additional K£6.51 million.

B. SALES TAX

The following changes will be made in the sales tax with effect from 18th June, 1982:—

1. (a) Rate of tax on fruit juices will be raised from 25 per cent to 30 per cent.
 - (b) Rate of tax on sodas will be raised from 40 per cent to 50 per cent.
 - (c) Rate of tax on videos will be raised from 50 per cent to 70 per cent.
 - (d) Rate of tax on biscuits, fruit jellies and dog biscuits will be raised from 15 per cent to 25 per cent.
 - (e) Rate of tax on artificial human hair and wigs will be raised from 15 per cent to 50 per cent.
 - (f) Rate of tax on smoking pipes, cigar and cigarette holders will be raised from 15 per cent to 50 per cent.
2. Raw materials for the manufacture of varnishes, typewriter ribbons and electric lamps will be made non-taxable.
 3. Manufacturers who are eligible to pay tax and have not done so because they have not

applied for registration will be registered retrospectively by the Commissioner.

Taken together, the proposed changes in sales tax will provide an additional K£3.76 million in revenue.

C. Income Tax:

The rate of Capital Gains Tax will be reduced by half with effect from 18th June, 1982.

This will cost the Exchequer K£2 million in revenue.

D. Export Compensation:

Export compensation payments will be suspended with effect from 18th June, 1982. Alternative export promotion measures will be introduced during the course of the year. Suspension of export compensation will provide an additional K£13.5 million in revenue.

E. Refinery Throughput Tax:

It is proposed to introduce a new tax on refining fees at the rate of 15 per cent of such fees. This tax will be effected from 1st July, 1982 and it is

estimated to provide an additional K£3 million in revenue.

F. BANKS AND FINANCIAL INSTITUTIONS:

Banks and Financial Institutions will in future pay increased licence fees as follows:—

- (i) Banks — Sh. 100,000 plus
Sh. 50,000 for each branch in a municipality;
Sh. 20,000 for each branch in a town council;
Sh. 10,000 for each branch in an urban council.
- (ii) Financial Institutions — Sh. 100,000 plus
Sh. 50,000 for each additional branch.
- (iii) Applications for authority to conduct banking or financial institution business will now be issued on payment of a non-refundable fee of Sh. 1,000 per application.

This will bring an additional K£250,000 in revenue.

G. BETTING, LOTTERIES AND GAMING:

Licence fees will now be charged on permits authorising the use of amusement machines.

This will bring an additional K£50,000 in revenue.

H. ESTATE DUTY:

A Bill has already been published to abolish estate duty on persons dying after 1st January, 1982.

This will cost the Exchequer K£1.8 million.

I. HOTEL ACCOMMODATION TAX:

The following changes will be made in the Hotel Accommodation Tax with effect from 18th June, 1982:—

- (a) The list of eligible hotels will be expanded to cover cottages, bungalows, apartments, bandas and tented camps let on service tenancies or written.
- (b) Where a proprietor fails to maintain hotel accommodation records for tax purposes, the

Controller of Inland Revenue will levy a presumptive tax on the basis of the number of rooms and charges.

- (c) The Controller of Inland Revenue will be given powers to levy distress warrants on hoteliers who fail to pay tax on due date.

This will provide an additional £700,000 in revenue.

J. TRAFFIC AND TRANSPORT LICENCES

The following changes will be made in the traffic and transport licences with effect from 18th June, 1982:—

- (a) Driving licence fees will be increased from Sh. 70/- to Sh. 100/-.
- (b) Second hand motor vehicles dealer's licence fee will be increased from Sh. 500/- to Sh. 1,000/-.
- (c) Road licence fees on motor cars, commercial and public service vehicles, trailers and trucks will be increased progressively by between Sh. 100/- and Sh. 3,900/-

depending on the engine rating and tare-weight of the vehicle.

These changes will bring an additional K£3.05 million to the Exchequer.

K. OVERALL INCREASE IN TAXATION:

The overall effect on the revenue in 1982/83 of the measures announced in the Budget is as follows:—

	K£ (xx)
A. Import Duty	+ 6,510
B. Sales Tax	+ 3,760
C. Income Tax	- 2,000
D. Export Compensation	+ 13,500
E. Refinery Throughput Tax	+ 3,000
F. Banks and Financial Institutions	+ 250
G. Betting, Lotteries & Gaming	+ " "
H. Estate Duty	- 1,800
I. Hotel Accommodation Tax	+ 700
J. Traffic & Transport Licences	+ 3,050
	<u>+ 27,020</u>

CSO: 4700/1518

STRATEGIC STRESS ON AGROFORESTRY PLAN

Nairobi THE WEEKLY REVIEW in English 11 Jun 82 p 10

[Excerpts from a speech given by Mr. K. M'Mbrijewe, minister for energy at a workshop "Energy Planning in Kenya", sponsored by the ministry of energy and the Beijer Institute of West Germany, date and place not given]

[Text] **WHAT** has the joint ministry of energy — Beijer Institute activity achieved to date? A listing of the achievements would be a lengthy process that would distract from the purpose of the meeting but, ladies and gentlemen, I assure you the achievement is impressive. I would, however, wish to single out three areas in which the government.... three areas in which the government of Kenya is amongst the third world leaders in energy policy and planning.

Firstly, the joint effort, with analytical support from the energy systems research group of Boston, has produced an energy accounting system that enables my ministry to accurately trace and predict both energy consumption and supply. Kenya is the first third world country to develop such a system, a system of accounting that parallels our national income accounts. I know that the planners in the ministry of energy call the accounting system "leap". It is a good name for this accounting system for we have taken a great leap forward with the help of the system in energy planning.

Secondly, the joint effort has not only established complete energy accounts, but has built into the analysis the important issues of environmental protection. In undertaking the analysis, the ministry of energy — Beijer Institute team have, with the technical support of the Kenyan rangeland ecological monitoring unit, mapped many physical and social phenomena. Much of this work is original work that

has produced new data to incorporate into the development planning process.

Thirdly, the joint effort has stressed the issue of fuelwood, but this stress has been tempered by the guidelines provided by Sessional Paper number 4 (1981) on national food policy. At all times, the team have tried to provide an analysis of enhanced wood production that will not compete, but complement, the initiatives of the government's food policy. Such an approach has produced the strategic stress on agroforestry — a stress that encourages small farmers to grow their own energy. Such an approach is also a valuable example in interministerial co-ordination.

But what is the wood picture? Over 74 per cent of Kenya's final energy requirement is provided by wood and agricultural residues. Total wood demand is some 18.7 million tonnes but, at the moment, only 13 million tonnes is obtained from sustainable yield. The remainder, some 5.7 million tonnes is provided from stock, that is, from tree capital. Serious problems will emerge in the mid-1980s when wood demand will increasingly exceed supply. Unless immediate action is taken, standing stocks will decline by 20 per cent by 2000.

Wood is always thought of as a traditional fuel. It certainly is one that most families use. But, if we capitalise on existing technical knowledge, wood can be used as a modern fuel to assist in the development of Kenya's eco-

nomy. It is an indigenous, renewable resource that grows relatively rapidly.

Woodfuel is the cheapest source of energy for Kenya. It is 4 times cheaper than biogas and kerosene and 7 times cheaper than LPG or electricity. And, if the ministry of energy improved Jiko programme is successfully implemented then wood for the end user, will become cheaper still. And the savings in foreign exchange from such an effort are immense. Wood is certainly the predominant alternative in the short term.

In fact, the present outlook on the oil market has forced several highly industrialised countries to look again at biomass.

The policy proposals call for the equivalent of 1.43 million hectares of forest land to be planted by 2000. But these proposals are divided into two clear parts:

- Firstly, the emphasis is on agroforestry. This is an emphasis on trees on farms which are compatible with current farming practice. In the 2.7 million hectares of farmland, we wish to actively encourage small farmers to grow trees. The strength of the Kenyan economy is the strength of our small farmers. It is in this area, in particular, that we seek support from donor agencies.

- Secondly, we wish to emphasise the importance of replanted forest and of enhanced management strategies in existing forests. In fact, in order to meet more than 35 per cent of Kenya's energy needs by 2000, we would only need to change the landuse of 200,000 hectares around urban and industrial sites.

This agroforestry initiative, coupled with the forestry and stove initiatives, will be the corner of our energy policy to ensure an energy-secure future. But what would such an initiative cost? Here, again, the prognosis is promising. By the turn of the century, such a programme would cost some shs. 2,700 million. It would provide employment for over 100,000 people and, in a steady state of production, would yield 25 million tonnes of wood each year as well as fertiliser, food and fodder. To provide an equal amount of energy from hydroelectricity would cost 24 times this investment and parafin would cost at least 4 times the price: both these options would also have high foreign exchange costs. By following the wood route, Kenya can assure itself of the cheapest energy supply, create employment, protect water catchment, stabilise soil, enhance agricultural production and maintain and improve the quality of life for Kenyan people. Wood is the future. ■

CSO: 4700/1518

MPS WILL CONSIDER RAISING PRICE OF RICE

Nairobi THE WEEKLY REVIEW in English 11 Jun 82 p 9

[Text] THE ministry of agriculture accepted a motion moved by the member of parliament for Winam, Mr. Peter Anyumba, this week calling for the establishment of a rice mill in the western part of the country. The motion also called for a review of producer prices and moved that farmers should be paid immediately for any rice they deliver to buyers. Anyumba suggested that the money the country is currently spending on the importation of rice should be used for development purposes, for example giving the farmers a monetary incentive by increasing producer prices. He said he believed that that would make the country self-sufficient in the production of rice.

The MP for Lurambi South Mr. Wasike Ndombi said he did not understand why Kenya should experience rice shortages when some parts of the country are ideal for growing the crop. Mr. Charles Njonjo, the minister for constitutional affairs, said he did not think rice was an essential food and hence the people

who opted to eat it should pay more. Leaving the production of food crops aside, Njonjo lectured parliament on the importance, according to him, of eschewing what he called the twin foreign ideologies, socialism and communism. Njonjo said all emphasis should be on food production and hard work generally to build the nation. Said Njonjo, "We don't want those ideas of socialism and communism," adding that the country's priority should rather be on — a new term — "foodism."

The National Irrigation Board (NIB), the body charged with the supervision of rice production in the country, was criticised by an assistant minister for works, Mr. Nahashon Njuno, for allegedly ignoring the interests of small rice producers at the Mwea Irrigation Scheme in Kirinyaga District by recently raising its charges to the farmers and thus causing them losses. According to Njuno, the NIB's activities have demoralised the rice farmers and this might jeopardise the stability of rice production. ■

CSO: 4700/1518

REPORTAGE ON UNIVERSITY, EDUCATION ISSUES

Guns Plot

Nairobi THE WEEKLY REVIEW in English 11 Jun 82 p 7

[Text] STUDENTS at the University of Nairobi have in the past been accused of causing trouble at the university while their lecturers have often been excluded from such accusations. This week, the spotlight was on the lecturers when President Daniel arap Moi told a rally in Nakuru that authorities had uncovered a secret plot by Nairobi university lecturers to acquire guns from outside sources, "especially from neighbouring countries". Moi said that the clandestine plot got underway early last year when students bought Masai simis and obtained other weapons from neighbouring countries in order to intimidate other students. The president charged that the lecturers planned to use students, and trade unions to cause chaos and political unrest in the country. President Moi linked the demonstrations at Egerton College, Njoro, and other educational institutions (see cover story *Weekly Review* May 14) with the plot by the lecturers. Moi also said the recent Nandi-Luhya and Luo clashes were also aimed at causing chaos. The president said that the conspiracy to plunge the country into chaos hatched by the lecturers was timed to coincide with the move to set up an opposition party in Kenya. He said there were six lecturers at the university who taught nothing but "politics of subversion through textbooks majoring in violence". But he did not reveal the

names of the lecturers. Said the president; "Violence breeds violence." The president said he was considering taking action against the six lecturers. He, however, did not say what action he intended to take.

So far three lecturers have already been put in custody. The first was Mr. Maina wa Kinyatti who was picked up on June 3, on a charge of possessing seditious publications. Two more Kenyatta University College lecturers were also picked up on Monday, this week. The two were Mr. Kamoji K. Wachiira, a senior lecturer in the department of geography, and Mr. Amin Mazrui, a lecturer in the department of language and linguistics. Mazrui is the author of a Swahili play, *Kilio cha Haki*. (Cry for Justice), staged at the main campus of the University of Nairobi a fortnight ago. The play's theme focused on injustice by the colonialists against Kenyans in the pre-independence era. Kinyatti turned himself over to the Criminal Investigation Department (CID), after a search of his home on June 2 where the police had seized 23 books and 29 files. The hearing of his case was fixed for June 21. He was denied bail. Wachiira and Mazrui were picked up at about 1 p.m. and extensive searches of the two lecturers' offices and homes was carried out. Wachiira's house and office were searched for about 7 hours. One of Mazrui's bedrooms was searched

for four hours and even his kitchen, including fridge and cooker, were searched. Mazrui is believed to suffer from severe asthma, high blood pressure and a heart condition. The family has been asked to send Mazrui his medicines.

As all this was happening, the Tanzania government expelled four Kenyan students from the University of Dar es Salaam. The four had previously been expelled from Nairobi university and had gone to Tanzania last year. They were admitted to the University of Dar es Salaam but their scholarships were reportedly withdrawn by Tanzania's ministry of home affairs. Although Tanzanian government sources denied that the four were connected with the gun plot charges levelled against the lecturers at Nairobi university by President Moi, one unnamed Tanzanian official candidly termed the expulsions as a "terribly unfortunate coincidence". The Tanzanian foreign minister, Mr. Salim Ahmed Salim, in an interview with the Kenyan *Daily Nation* denied that Tanzania was implicated in the gun plot exposed by President Moi. The Tanzanian measure against the Kenyan students is seen as a move by Tanzanian authorities to avoid the possibility of any further friction with Kenya, at a time when efforts to

strengthen the relations between the two former East African Community partners are underway. Kenyan authorities have not been at all pleased with Dar es Salaam's decision last year to grant political asylum to the runaway MP for Eldoret North, Miss Chelagat Mutai, wanted in Kenya on charges of making false mileage claims to the national assembly.

This is not the first time that Moi has connected neighbouring countries with university students and guns. In August, 1980, President Moi charged that there had been a plot at the University of Nairobi in collusion with a neighbouring country to assassinate Kenyan leaders.

The tribulations of the lecturers have been compounded by the fact that lawyers in Nairobi seem to be shunning requests to represent them in court. A relative of one of the lecturers has claimed that the relatives could not get lawyers to represent the lecturer. The relative claimed that he had approached four legal firms but they had all turned him down. Whether the lawyers are wary of representing people in the wrong books of the powers that be because of the recent detention of a member of the legal profession, is difficult to tell at the moment. ■

Government to Select Textbooks

Nairobi THE WEEKLY REVIEW in English 11 Jun 82 pp 7-8

[Text]

SINCE he became president, President Daniel arap Moi has shown great interest in the country's education system, both in terms of what is taught to students and how it is taught. Last week on Sunday Moi expressed his dissatisfaction with education planners in the country when he declared before a large crowd at Nakuru's Afraha Stadium, that the government, having noted that the Kenya Institute of Education (KIE) was not discharging

its secondary school textbook selection function properly, would in the near future, take over that role. It would also monitor the teaching system so as to ensure that no books permeated with violence were passed on to school children.

Moi's criticism of the content of some school textbooks currently in use did not come entirely as a surprise. On previous occasions, he has called on the country's teachers to teach what is relevant to current social aspirations and goals. Moi's concern, was no doubt heightened by the recent spate of disturbances at several colleges in the country. He accused some lecturers at the University of Nairobi of teaching the "politics of subversion through books majoring in violence".

According to some reports Moi's major concern was with books used in teaching the humanities at both secondary and college levels. Within this field the subject that is most controversial is literature in English. This is clear from the considerable debate that it has generated within teaching circles in the country. The present Ordinary level and Advanced level literature syllabi include such authors as Ngugi wa Thiong'o, Micere Mugo, Maina wa Kinyatti and Sembene Ousmane and the exclusion of many foreign authors such as William Shakespeare. Ministry of higher education officials were not willing to release the names of the other members of the panel while KIE officials were reportedly in a meeting at Utalii College Hotel in an attempt to rectify the mistake pointed out by the president of allowing violent books to be included in the syllabi.

Several high school literature teachers feel that the present literature in English syllabi is relevant to Kenya. One such teacher in a Nairobi girls high school told *The Weekly Review* that most of the set books for the current school year for both "O" and "A" levels "relate very well to our situation. The teacher, who was trained at the University of Nairobi said that a major part of the literature course he took at the university was oriented

towards African authors with the result that when he has to teach similar books to high school students he doesn't find any difficulty. Commenting on foreign literature, the teacher was of the opinion that some of it was irrelevant. However, he believed that some authors, for instance, William Shakespeare, treated universal themes.

Another teacher at a national school outside Nairobi said that although some of the literature set books may appear negative from the government's point of view "they have a definite literary value because they call a spade a spade". The teacher, who said that he may have to call off the staging of *The Trial of Dedan Kimathi* at his school due to the new developments, felt that teachers are not to blame for the books they teach as they are not consulted over the choice of books.

The government is also concerned about the "A" level history syllabus, especially that covered for paper one. The material for this paper covers such topics as the role of political parties in East, Central and West Africa, distinguishing mass from elitist parties and discussing violence during the nationalist struggles of many African countries.

Later in the week, the minister for higher education, Mr. Joseph Kamotho, spelled out exactly how his ministry intends to ensure that violent books are not used as set books in the country's secondary schools. Kamotho's concern was primarily with literature. In his opinion, most of the literature and drama books used in secondary schools "are full of violence and portray the society negatively". If the books were not taken off the syllabi, Kamotho said he believed that "young people are likely to grow up with a view in their minds that the government is an enemy of the people".

Kamotho said that beginning next year, the final approval of all literature set books will be given by the director of higher education who will also provide the themes upon which plays presented in national drama festivals by secondary schools will be built. In

addition, Kamotho said that school plays will not be filmed by any organisation or individual for public viewing unless they have been vetted by the chief inspector of schools. To ensure that approved themes are judged fairly, the selection of adjudicators for all drama festivals, from district to national levels, will be done by a committee chaired by the chief inspector of schools.

According to Kamotho, the closer control of the content of literature that is taught to the country's youth will rest with his ministry which "will exercise all the power at (its) disposal to control and curb any ideologies... which may find their way into the secondary school system." Among other things, the ministry will select lecturers for the University of Nairobi and

Kenyatta University College.

Kamotho expressed displeasure at the type of plays currently in vogue in many secondary schools and said they were extremely violent and that such plays taught violence and hatred of the government. Said Kamotho, "People must not be brought up to hate the government."

Kamotho said that while academic freedom would be maintained, the university would have to make adjustments in training teachers. He said that a higher education bill would soon be tabled in parliament to redefine the role of the Kenya Institute of Education and that, whereas in the past it has enjoyed complete freedom in the choice of books to be used in schools, in the future this will not be the case. ■

Students Re-Admitted

Nairobi THE WEEKLY REVIEW in English 11 Jun 82 p 9

[Text] Kenyatta University College students reported back to college this week after being sent away for a month for rioting. Their moods were subdued; "we are not in a talking mood yet", said one. But to most of them, it was like the end of a month long holiday. The only difference was that instead of going straight to their classes and halls of residence, the students had to undertake in writing to accept that all academic programmes, including teaching practice are not subject to negotiations and also had to promise that they will not participate in riots in the future. That was a routine exercise they have been through in the past. But second year students had an additional burden to shoulder. They had to pay shs. 100 for the damages caused during the riots in May and also had to sign an agreement with the ministry of higher education accepting a shs.630 reduction in their annual loan (from shs.14,490 to shs.13,860) because the teaching practice period had been reduced to 11 weeks from the previous 13.

For eleven students, however, the going was not so smooth. The doors of the college were barred to them while the "screening" of 2,000 others got underway. Last year after they had been sent home 39 were refused admission, but President Daniel arap Moi pardoned them. Whether he will do so this time remains to be seen. It is unlikely, however, considering the things he has had to say about the college of late (see other story in this issue). Students interviewed at the college said the conditions for re-admission were no different from that of the last time. This year, just like last year, they have signed forms in which they vowed they will not participate in riots or strikes again. Whether they will honour their vows, only time will tell.

CSO: 4700/1518

GOVERNMENT BORROWING UP BY 77 PERCENT

Nairobi THE WEEKLY REVIEW in English 18 Jun 82 pp 39-41

[Text] *Economic survey — 1982 released by the minister for economic planning and development, Dr. Zachary Onyonka, on Monday this week:*

THERE was a strong recovery in food production in 1981 and this served to stimulate the Kenya economy despite a generally poor international economic environment. However, the balance of payments position remained very difficult especially as delayed effects of the large petroleum price rises at the end of 1979 had their impact in 1981. A combination of lower prices on world markets for coffee and tea, together with a large rise in oil price imports led to a situation where the continuing substantial inflow of capital was unable to cover fully the current account deficit and a further reduction in the country's foreign reserves resulted.

Attempts continue to be made to reduce Kenya's dependence on world economic conditions. Customs tariff changes introduced in 1980 served to raise production of textiles and clothing significantly in 1981. The price increases announced in December 1981 for various agricultural commodities consumed locally should help improve the country's ability to feed itself. The adjustment of the national currency which occurred in September, 1981 will help shift demand from imported to local products and will also serve to give coffee and tea farmers a better return for their products in terms of the Kenya shilling. But these changes have led to a sharp rise in the domestic

inflation rate with consumer prices rising by nearly 20 per cent since December 1981.

The high growth rate of agricultural output in 1981 was not matched by a corresponding rise in manufacturing production while work carried out in construction was reduced and there was stagnation in the commerce sector. The relatively low growth rate in manufacturing output of 5 per cent was in part due to the increasingly severe import controls imposed as the year progressed, in an attempt to contain and improve the balance of payments situation. The end result was an increase in GDP as a whole at constant prices of 4.8 per cent. This is a substantial improvement over the 3 per cent recorded in 1980 but is only one per cent higher than the population growth rate. Even this increase of 1 per cent in per capita incomes at constant prices was neutralised by the further large fall in the country's terms of trade with the outside world. Fewer new jobs for wage employees were created in 1981, the increase of 18,500 being the lowest recorded for many years. Jobseekers appear to have moved into informal sector occupations where earnings are generally much lower than for persons in wage employment in modern sector establishments.

On balance, 1981 can only be characterised as a year of difficulty. The very real improvement in agriculture was not duplicated in other sectors, and international factors were strongly adverse.

The International environment

The delayed effect of the near doubling of oil prices at the end of 1979 caused a sharp fall in oil products consumption and a reinforcement of the fight against inflation in a number of the world's more important countries. Success in reducing the rates of inflation led to falling levels of production and exceptional levels of unemployment in the industrialised market economies. Of particular importance to the developing countries, 1981 was also a year in which non-oil primary commodity prices fell once again and in which borrowing was only possible at very high rates of interest. Credit became increasingly tight as the year progressed, with international bankers looking more carefully at the credit-worthiness of particular countries. The year was one of serious balance of payments

difficulties for a majority of developing countries. In such an environment world trade volume showed little sign of increase while prices of Kenya's primary commodities were reduced.

Domestic economic growth and investment

The growth rate of the GDP at constant prices in 1981 rose from 3.0 to 4.8 per cent while at current prices it was 15.9 per cent reflecting the effect of continued inflation. The major factor behind the rise in the country's growth rate in 1981 was a strong recovery in agricultural output. However, fixed capital formation fell for the third year in succession. There were rises for dwellings, non-residential buildings and transport equipment, but these were more than offset by declines in other construction works, and in purchases of machinery and

other capital equipment. Slightly more than half of total investment was financed by domestic savings, and slightly less than half by external loans and grants, the same proportions as in 1980.

Long-term trends in balance of payments

The sharp decline from a position of approximate balance in the early 1970's to one of large and increasing current account deficits by the end of the decade can be attributed mainly to the 24-fold increase of oil prices since 1973. The growth of exports has failed to keep pace with the sharp rise in total imports and the worsening trade deficit has strongly out-weighed the improvements in the net earnings from invisibles. Substantial increases in foreign borrowing have been required to cover the higher current deficits. In 1980 and 1981 in particular, foreign reserves were reduced to levels that were inadequate to finance the residual overall shortfall in the account.

Employment, Earnings and Prices

The growth in modern-sector wage employment during 1981 was only 18,500. As a result, more work-seekers had to look for employment in the informal sector in the urban areas and there appears to have been a significant increase in such employment. There was a particularly large rise in public sector wage payments resulting from the acceptance of recommendations made by the Waruhu Commission in 1980 which brought compensation for wage lages in earlier years. Inflationary forces continued to be powerful, although modern sector wages increased somewhat more than the cost of living for the country as a whole. Major causes of the increase in consumer prices were higher charges for transport services, increased rents and food price rises. In December, 1981 the rate of inflation accelerated sharply because of the food price rises announced at the start of the month.

Money and banking

Poor foreign exchange earnings stemming from the depressed demand for Kenya's major primary exports were accompanied by increased prices for imports. As a result, there was a run-down of the country's foreign reserves despite a continuing high level of capital inflow. At the same time government expenditure increased substantially and it was necessary to borrow from the banking system. The overall rise in the money supply was kept below the rate of increase in GDP at current prices mainly through the restriction of private sector credit. Central government borrowing increased by 77 per cent while credit to the private sector rose by only 9.9 per cent.

Public finance

There was a larger increase in recurrent revenue than expenditure in 1981/82 so the current surplus available towards the capital budget recovered from the low level of 1980/81. But even at this higher level the surplus only covered one eighth of total capital expenditure. The large remaining balance was financed from external grants and loans, long-term domestic loans and a substantial rise in treasury bills. The bulk of the current expenditure was on education, public administration, agriculture and public debt charges. Total government expenditure was about one-third of GDP.

External trade and balance of payments

Despite increases in the volume of exports and a reduction in the quantities imported, there was only a small decline in the trade deficit and no improvement in the large current account deficit of the balance of payments. A steep increase in the unit price for crude oil was accompanied by rises in the prices of other imports and generally stagnant or falling export prices. As a result, the country's terms of trade fell to 73 in 1981, the lowest ever recorded, and there was a further reduction in the country's foreign exchange reserves. Important controls were strengthened

materially in 1981 and continued use of such measures should help reduce the size of the overall trade deficit in 1982.

Agriculture

The recovery in food production in 1981 was one of the bright spots on the economic scene in 1981. The value added from agriculture for GDP at constant prices rose by 6.2 per cent. Farmers responded positively to the incentives provided and this response coincided with much better growing weather leading to increases in output of both food crops and livestock products. Milk and meat supplies were also much more plentiful. Tea production was a little higher than in 1980, but there was no increase in coffee output. Price rises for domestically-consumed crops and livestock products were announced in December 1981. These changes, together with effects of the currency readjustment in September on prices of export crops such as coffee and tea should help restore the relative purchasing power of rural community during 1982.

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Natural resources and environment

There is now a strong interest in restoring a better balance between availability and demand for wood products. Programmes in this area improve the prospects of leaving a healthy forest sector for the benefit of future generations. The national water development policy aims at providing clean water throughout the entire country for both livestock and human consumption by the year 2000, and is increasingly becoming an operational reality. Farmers and ranchers are being urged to adopt methods of husbandry which will preserve the inherent riches of the soil. Over the wide range of the country's natural resources and environ-

ment, activities are being undertaken which will lead to cleaner, healthier and more productive life for all in the future.

Energy

The consumption of petroleum fuels in Kenya fell by 5.4 per cent in 1981 indicating the success of government measures to economise on expensive imported petroleum. At the same time, more use was made of domestically-produced electricity, as total hydro and geothermal generating capacity was increased by 11 per cent. The continued steep rise in the net cost of petroleum reinforces the policy imperatives to encourage more efficient use of all types of energy and to redirect demand to less costly indigenous sources.

Manufacturing

The overall growth of the volume of manufacturing output was about 5 per cent in 1981 which was slightly less than in 1980 and well below the target growth rate of 9 per cent a year. This sluggish performance was affected by tight import controls on inputs. The growth rate of the sector declined quarter by quarter as compared with the same period a year earlier.

Building and construction

Despite the record level of building plans passed in 1980, there was a fall in the value added to GDP at constant prices by building and construction in 1981. This was the first decline since 1976. Cement consumption fell by about 6 per cent and employment in the sector was reduced by 3 per cent. As the year progressed, fewer new projects were being considered and the value of building plans passed in the last quarter of 1981 was 22 per cent less than for the corresponding period of 1980. Indications suggest that 1982 will see a further fall in activity.

Tourism

The number of bed-nights spent at Kenya hotels by foreign guests rose only slightly. The increase in tourism earnings was entirely due to higher prices. The relatively poor showing in tourism in 1981 is due mainly to the

worsened economic conditions in the main-tourist generating areas and especially in the EEC countries.

Transport and communications

There was a rise of 1.5 per cent in real terms in the contribution of this sector to GDP. There was greater use of buses, coaches and minibuses as more people travelled in public transport rather than in their own cars. Employment in the sector as a whole rose by an estimated 5 per cent.

Education

In 1981 there were approximately 4.6 million students in primary, secondary and higher education, with substantial increases in both primary and secondary enrolments. This illustrates both the success achieved in the policy of universal primary education and the high social cost incurred. In addition to direct government costs, there are also substantial additional expenditures on private education. Increased efforts are being made in adult education to increase the proportion of older persons who can read and write.

Health

The ministry of health has various programmes underway to reduce the health risks of the population at large and is also participating in the implementation of the "international drinking water and sanitation decade" (1981-90). In the field of maternal child health and family planning, it is the government's intention that future population programmes should lead to a reduction of the birth rate.

Outlook for 1982

With the year half-over, it is evident that there will be no real recovery in the international economy in 1982. Projected annual growth rates of less than 1 per cent in the major industrialised market economies implies some increase in unemployment. Inflation will generally be lower this year but this will not lead to a proportionate decline in interest rates unless the United States can resolve its budgetary problem without recourse to high domestic borrowing.

Domestically, the long rains have been very good and there is a prospect

for a further 5 per cent growth in agricultural output. Manufacturing output should increase by a similar percentage but construction seems likely to contract further. Overall, a growth rate at constant prices of around 4.5 per cent is forecast but with continued inflation at approximately the present rate.

The balance of payments situation will remain difficult. With only a small improvement in the trade deficit, there will be a continuing requirement to finance a large current account deficit. The capital inflow seems likely to be substantial but there may still be an overall deficit in the basic balance of payments which will require financing.

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PRIME MINISTER REVIEWS GOVERNMENT'S ACHIEVEMENTS

Tananarive MADAGASCAR-MATIN in French 29 May, 1 Jun 82

[Excerpt from Prime Minister Desire Rakotoarijaona's report to the National Popular Assembly (ANP) on 28 May]

[29 May 82 p 2]

[Text] The following is a free and condensed version of the prime minister's speech, to which we shall return in later editions.

The most important event of the week now drawing to a close was yesterday morning's plenary session of the National Popular Assembly, at which Prime Minister Desire Rakotoarijaona presented the annual report (1981) on the government's program. It was a long presentation sprinkled with figures and comments that will give the entire nation an idea of the revolutionary regime's current state of health. The Supreme Revolutionary Council (CSR) and the government, with nearly all members present, attended the solemn session preceding the now traditional "parade" of ministers to the Assembly platform to present the achievements of their respective ministries and answer questions from deputies.

The first words of the head of the government were a message of greetings from the president of the republic. The words of introduction were very brief and the prime minister immediately plunged into the heart of the subject at hand to recall that in the face of the budgetary austerity announced by President Didier Ratsiraka in his 10 January speech, the various elections ahead will not be able to proceed on schedule. For this reason, the term of office of the deputies elected in 1977 is extended 1 year.

Achievements in 1981 are numerous. The prime minister admitted that they were sometimes not perfect, but said that this takes nothing away from the national efforts made. They are partly the fruit of our all-points foreign policy and are illustrated by official visits made last year by President Didier Ratsiraka to Nairobi, Tripoli, Algiers, New Delhi, Moscow and Paris. On the subject of these summit conferences, the prime minister said that they enabled the chiefs of state with whom President Ratsiraka met "to exchange views on international problems and on ways to strengthen the bilateral cooperation linking us to those countries."

Among the international problems discussed by the head of the government were the following: the famous proposal to make the Indian Ocean a peace zone; South-South cooperation; the North-South dialogue; the new world economic order. There was also the official visit which Algerian President Chadli Banjedid made to Antananarivo in April 1981, and the awarding to President Ratsiraka of the Jolliot Curie Gold Medal for "work which the chief of state has done in behalf of world peace."

The prime minister naturally described the consequences of the international crisis on all countries in the world. He emphasized that "even though there do exist industrial activities in Madagascar, the raw materials and spare parts for such facilities...are imported from abroad, which publicly proves our economic dependency vis-a-vis other countries. The negative trade balance between developed and developing countries thus hurts the latter. While manufactured products from other countries are not experiencing sharp price hikes, the raw materials from Third World countries do not enjoy the same fate. The head of the government recalled the famous presidential motto "Over Produce," if we want to emerge from the crisis. He also praised the "fine achievements of the revolutionary Vondrona (political parties), of the National Front for the Defense of the Revolution and of the decentralized collectives."

Regarding our current difficulties, the prime minister recalled the hard times which the Malagasy people lived through at the beginning of this year following the passage of several tropical depressions that caused floods throughout the country. The figures speak for themselves: 170,000 casualties, 128 dead, 20 missing, 29 wounded, 16,409 homes destroyed, 1,147 kilometers of roads cut off, 144 bridges out, 12,000 hectares of crops destroyed, 1,900 head of cattle killed. The damage is now estimated at nearly \$250 million.

The prime minister praised the national solidarity seen during the catastrophe. In particular, he emphasized President Didier Ratsiraka's personal visits to the far corners of the island to comfort persons hard hit and to estimate the extent of the damage.

Plan

The first plan covers the 1978-1980 period. The second is for 1982 to 1987. The year 1981 in question was thus a kind of transitional period. For this reason, the Revolutionary Government took advantage of the period to continue projects not completed during the first plan and, at the same time, to draft economic recovery measures.

Figures

In 1981, the national budget was set at 340,615,852,816 Malagasy francs (FMG), of which 253,833,628,971 FMG were used. Distribution was as follows: agriculture, 55,415,148,688 FMG, with 38,791,304,082 already used; industry and handicrafts, 28,233,500,000 FMG, with 26,061,000,000 already used; road construction, 56,652,741,000 FMG, with 39,656,918,737 already used; telecommunications, 6,004,710,913 FMG, with 4,203,297,639 already used; education, 67,897,444,063 FMG, with 47,528,210,844 already used; health, 15,975,869,191 FMG

with 11,183,108,434 already used; information, 11,313,224,326 FMG, with 9,314,257,028 already used. This brings the amount spent in 1981 to a total of 253,833,698,971 FMG, out of allocations on the order of 340,616,852,816 FMG.

Education, with the construction of the regional university centers (CIR), and agriculture were among the top governmental priorities.

Distribution

Out of the entire national budget for 1981, the National Economic Development Fund contributed 187,724,293,314 FMG (55 percent), foreign loans amounted to 124,990,280,922 FMG (37 percent) and subsidies or nonrepayable aid totaled 27,901,278,580 FMG (8 percent).

In a different area, there was the ideological organization, with representatives from 925 *firaisampokontany* [village associations] receiving training since 1977. In 1981, 151 *firaisana* [equivalent of canton] received theirs from the Ministry of Interior. A total of 91 new safes were acquired to join those already on hand (796). Some 887 of the 1,252 *firaisampokontany* already have their own safes. A total of 102 billion FMG were allocated for the purchase of vehicles for the many *fivondronana* [villages] that had none.

Concerning tax receipts, 23,463,000,000 FMG out of the anticipated 21.5 billion have already been collected (an excess of 9.3 percent). In indirect taxes, 14,041,825,000 FMG were in fact collected instead of the anticipated 12,206,000,000 (excess of 15 percent). For recording and stamps, a total of 11,743,000,000 FMG were anticipated, but 15,079,513,000 were collected (28 percent surplus). RMMF [expansion unknown] 6,687,835,489 FMG collected; in 1980, 9,852,554,441 FMG; in 1981 (47 percent surplus) [sic]. Customs duties, 51,818,527,668 FMG (1980) and 39,525,551,619 FMG (1981).

Problems owing to the inadequacy of agricultural production have been commented on at length by the prime minister, whence the famous principles set forth in the *Boky Mena* [translation unknown] concerning the most powerful countries by the year 2000: those that have enough food to feed their people and that manage to export the surplus. The head of the government strongly advises the Malagasy people to follow these principles.

Of the 2.3 million tons of rice to be produced according to the 1980 Plan, Madagascar produced 2,109,000 tons. In 1981, production was on the order of 1,998,925 tons, a drop of 8 percent compared with 1980!

In order to illustrate our need to import rice, with the resulting currency drain, let us cite figures revealed yesterday in Tsimbazaza. While in 1979, we imported 155,750 tons, that figure rose in 1981 to 192,780 tons. In foreign exchange, those imports amount to nearly 14.5 billion FMG every year on the average!

However, everything should go better if the ZEMA [expansion unknown] and ZEREN [expansion unknown] fertilizer plants could cover our needs, which are on the order of 50,000 tons. And yet, in 1981, those two plants produced only 25,000 tons!

Other agricultural activities were commented upon yesterday by the prime minister. In 1981, for oil palm production, out of the 7,000 tons provided for in the plan, only 1,259 tons were produced. Out of the 42,000 tons of cotton set as the goal by the plan, 38,128 tons were produced, and 1,429,000 tons of sugar were produced instead of the 1,483,000 tons set by the plan. Vanilla production was 3,140 tons out of the 6,800 planned and only 8,343 tons of cloves were produced out of the 16,850 tons provided for in the plan. Naturally, all these figures are for 1981.

Regarding livestock raising, 96 billion FMG were used for the care of cattle and sheep. The activities of the FAFIFAMA [expansion unknown] in Mahajanga for the promotion of livestock raising required an investment of over 7.74 billion FMG. Unfortunately, cattle rustling is still prevalent and national spending to eliminate it steadily grows: 80,226,500 FMG in 1980 and 133,021,798 FMG in 1981. The regions hardest hit are Toliara, Fianrantsoa and Tsiroanomandidy. The government's measures to stamp out this national plague are well-known.

Fishing has been a major disappointment. In 1981, the total catch was only 10,600 tons out of a planned 38,000.

The following remarks concern energy: The first phase of work for Bemolanga is already completed. A pilot plant, the Fanandramana, is now being built. The total sum for the work will be 650 million FMG.

In addition, OMNIS [National Military Office for Strategic Industries] has already signed an agreement with three foreign companies for oil prospecting.

The largest dam in Madagascar, the Andekaleka, will soon go into operation.

We know that all of our brothers in the south have no drinking water. In order to help them, the Revolutionary Government has made great efforts, distributed as follows: supplying the region between Onilahy and Mandrare with drinking water by drilling wells; impluvium facilities in Tolagnaro, Amboasary, Ambovombe, Tsihombe, Beloha, Ampanihy and Betroka; supplying the cities of Ampanihy, Amboasary, Ambovombe, Betioky and Manambaro with drinking water; water prospecting in the regions of Amboasary, Tsihombe and Ambovombe; the construction of wells, four in Ambondro and two in Ambovombe; the setting up of seven impluvia with reservoirs, with two already in place in Talaky and Belitsaky and only those in Ankilitranga, Beraketa, Ambazoamazava, Ambahikily North and Ambanifengoky remaining; the setting up of three reservoirs in Antsianona, Antaritarika and Ankilimahindio; 15 tanker trucks, with 10 already in place; a drill already in operation, as the president noted on his visit; and the repair of the impluvia in Ambazoha, Antanimahery, Ankazomainty and Fihanamaiae.

Industry

The Revolutionary Government has devoted over 18,298,000,000 to industry: Analamahitsy: 1,002,000,000 FMG (30,000 meters); Appa [portion of text deleted] of the plants. The following projects were undertaken in 1981:

Food production plants, 3.6 billion; Nosy-be, 20,000 tons of sugar and 12,000 hectoliters of alcohol; Brickaville, 14,000 tons of sugar and 8,600 hectoliters of alcohol; expansion of Star Breweries in Antsirabe, 1.8 billion (400,000 hectoliters of beer and 11,000 hectoliters of carbonated beverages); construction of yeast plants at SIRAMA [Malagasy Sugar Company] in Ambilobe, 893 million (400 tons of yeast); production of Cerelac at the Nestle plant in Antsirabe (303 million FMG; 192 tons of Cerelac); textile plants, SUMATEX [Southern Madagascar Textile], 6,513,000,000 (50 million meters of fabric); paper mills, PAPMAD [expansion unknown] in Ambohimanambola, 2,074,150,000,000 FMG (10,728 tons of paper).

Other plants under construction: construction of the Anjara household appliance plant in Analamahitsy, 1,002,000,000 FMG (30,000 meters; household appliances, 30,000).

The following projects were begun in 1978 and completed in 1982. The total is 101,424,000,000 FMG.

Food Production Plants

- 1) the MAMISOA-SOZAHA [expansion unknown] complex in Antsirabe: 9,407,500,000 FMG (soybean oil, 4.65 million liters; flour, 19,700 tons; provisions, 20,000 tons);
- 2) The poultry complex in Arivonimamo: 4 billion FMG (chicken feed, 8,000 tons; chickens, 1 million tons; eggs, 4 million a year);
- 3) Kobama Flour Mills in Antsirabe, 2.95 billion FMG (38,000 tons of flour);
- 4) SIRAMA alcohol plant: 2,241,000,000 FMG (25,700 hectoliters of alcohol);
- 5) Star Breweries in Toliara: 1,687,000,000 FMG (43,000 hectoliters of beer and 30,000 hectoliters of carbonated beverages);
- 6) coffee roasting plant in Ambanja-Manakara: 755.3 million FMG (3,000 tons of coffee a year);
- 7) vinegar making at the Sojufa plant in Antsirabe: 397.9 million FMG (750,000 hectoliters of vinegar);
- 8) expansion of the Salt Production Company in Antsiranana: 158 million (increase in production of 20,000 tons a year).

Textile Plant

Expansion of COTONA [Antsirabe Cotton Industry] in Antsirabe: 15 billion FMG (47,621,000 meters of fabric).

Plant Construction

- 1) expansion of the Amboanio-Mahajanga cement works: 26,677,000,000 FMG (450,000 tons of cement);

- 2) construction of cement works in Ibity (Antsirabe): 6.26 billion FMG (126,500 tons of cement); and
- 3) limestone in Ibity: 1.78 billion FMG (2,400 tons of limestone a year).

Leather Goods

- 1) Hodima shoe factory in Antsiranana: 5,098,000,000 FMG (90,000 hides and 150,000 pairs of shoes);
- 2) expansion of Bata plant in Antananarivo: 936 million FMG (500,000 pairs of shoes); and Sacimen plant in Antsirabe: 771 million FMG (4,000 tons of tobacco).

Other Plants

- 1) ZEMA plant in Amboasary: 2,345,000,000 FMG (22,000 tons of fertilizer);
- 2) brass foundry and meter manufacturing in Analamahitsy: 1,369,000,000 FMG (brass fittings, 100,000; water meters, 22,000);
- 3) ZEREN in Toamasina: 15,858,000,000 FMG (90,000 tons of urea);
- 4) electric light bulbs in Analamahitsy: 1.15 billion FMG (22 million bulbs);
- 5) machine shop for spare parts: 25 billion FMG (585 tons of finished products); and
- 6) asphalt and other oil products in Toamasina: over 2 billion FMG (20,000 tons a year).

CENAM [Malagasy National Handicrafts Center], built to improve handicrafts, went into operation in 1979. In order to enable the plant to increase production, the Revolutionary Government has made other efforts, including: Prosperity of the Cooperative of Artisans of Madagascar. There are now 62 training centers where over 1,000 artisans are taking their training under the aegis of CENEAM.

The democratization of Malagasy handicrafts: the establishment of rural centers of technology in the *faritany* [higher administrative unit] of Antananarivo, Toliara and Fianarantsoa;

Technical and material aid at these training centers: Malagasy artisans can compete with products from abroad, especially with regard to furniture, rugs and so on, and in the use of ceramics.

The percentage of foreign exchange from such products between 1979 and 1982 is 300 million FMG a year.

In addition, CENAM has organized different exhibitions: Handicrafts Week in Mahajanga in November 1981, for the construction of a handicrafts center in

that faritany; sale-exhibition in Fianarantsoa; sale-exhibition in Antanana-rivo (CETA [Economic and Technical Crafts Centers]) for 2 weeks; participation of Malagasy artisans in the international fairs in Frankfurt and Baghdad; and the search for new commercial markets: CENAM has signed agreements with other countries to increase the number of Cooperatives of Malagasy Artisans (33 million FMG). Another agreement was signed for the establishment of organizations specializing in building construction (bricks, roofing, and so on).

[1 Jun 82 p 2]

[Text] Port Maintenance

Concerning port maintenance, Prime Minister Desire Rakotoarijaona stated that the ports of Maintirano and Sambava have been totally renovated. Some 70 percent of the work at the port of Morondava has already been completed. Work at Vohemar and Soalala is only beginning.

As for construction of the road connecting Moramanga and Toamasina (223 kilometers), 40 percent (111 kilometers) is awaiting surfacing, while 18 percent (40 kilometers) has been graveled and 12 percent (27 kilometers) is completely tarred. In addition, 20 bridges have been built on that road (1 bridge 105 meters long; 10 bridges 41.3 meters long; 9 bridges 13 meters long). While waiting for this road to be completed, the Revolutionary Government is improving the one connecting Brickaville and Andasibe and the railroad (to Mandraka) to ship out products from Toamasina. For coffee-, clove- and vanilla-producing regions, a special measure was taken: The Light Engineering Brigade (BLIG) is already in operation in Farafangana, Mananjary, Vatomandry, Fenerive-East and Sambava. This operation has cost 2,132,000,000 FMG.

Following the meeting of officials from the Ministry of Public Works with the chairmen of the executive committees of the six faritany (on 18 May), measures were taken concerning the Coffee Fund. Regional officials are to draw up a priority list and send it to the Light Engineering Brigade. The latter has already completed the Vavatenina-Ambohibe road. In addition, it is beginning work in Marolambo, Mahanoro and Tanamboa Manampotsy.

Regarding expansion of the Toamasina Refinery, construction of an asphalt plant is planned. Construction of the plant will cost over 212 million FMG and the plant will produce over 20,000 tons annually.

"We thank the decentralized collectives, which have demonstrated great determination in repairing damage caused by different cyclones at the beginning of the year," the prime minister said.

Transportation

This area includes road, rail, air and maritime transport.

1) Road transport: This category can be broken down into two parts: passenger and freight traffic. Concerning passenger transportation, the Revolutionary Government has made great efforts to put Fima buses in the system of

transportation throughout the country during the period of the first 5-year plan. However, these buses cannot meet the demand for passenger transportation, especially in the large cities. In 1981, some 909 million FMG were spent to improve national mass transportation companies (FIMA and FIBATA [expansions unknown]). At the present time, ECAM [expansion unknown] is being set up to produce spare parts.

Regarding freight transport, our effort has been based on improving the system of shipping products throughout the island. In order to do so, the Revolutionary Government has ordered IFA [expansion unknown] trucks costing 731 million FMG. They have all arrived and are distributed as follows: Trans-North (Antsiranana); Trans 7 (Toamasina); FANEVA [expansion unknown] (Antananarivo); GEPAT [expansion unknown]; FIETAMA [expansion unknown] (Mahajanga); and KOFITO [expansion unknown] (Toliara).

In addition, the 20 Mercedes trucks for the decentralized collectives have just arrived.

2) Rail transport: We have essentially concentrated our efforts on the maintenance and improvement of equipment.

a) maintenance of the rail system: Some 1,816,000,000 FMG were devoted to the task in 1980 and 1981. This effort enabled the Malagasy National Railroad System (RNCFM) to improve its equipment. The prime minister stated that while the total length of the railroad system is 632 kilometers, 50 kilometers have been totally rebuilt.

b) improvement of equipment: In granting 6,278,000,000 FMG to the RNCFM board, the Revolutionary Government helped it to overcome difficulties.

3) Air transport: In 1981, we bought new planes, in this case, HS 748's. We repaired the different runways throughout the country (1.05 billion FMG) and purchased firetrucks for Toamasina, Mahajanga and Ivato. Air telecommunications have been improved with Ivato, Ankazobe, Moramanga, Mahajanga, Tolagnaro, Morondava and Mananjary. Meteorological equipment at Ivato, Mahajanga and Tolagnaro has been improved, the Antsohihy runway was resurfaced, an airplane maintenance system was set up at Antsiranana and ENEAM [expansion unknown] was transferred to Ivato.

In addition, work continues on improving the airports at Ivato, Antsiranana, Nosy-Be, Antalaha, Mananjary, Toliara and Morondava.

The prime minister illustrated his speech with figures on the numbers of passengers and the amount of equipment. The number of passengers has increased by 21 percent and freight 95 percent.

4) Maritime transport: We bought more boats during the first 5-year plan for Bemolanga, Vatsy 2, Vatsy 3, Vatsy 4, Onibe, Onilahy, Tsimiroro, Mahajanga and Toamasina.

In addition, ocean shipping of freight increased 53 percent in 1980. Unfortunately, the figure dropped 14 percent in 1981. With respect to the expansion of the Toamasina port, a storage warehouse is to be built. A "port silo" with a capacity of 25,000 tons of freight has already been completed at a total cost of 4.76 billion.

Also with respect to maritime transport, the prime minister stated that the number of Malagasy sailors has increased 3 percent, mainly thanks to the ENEM [National Naval School] in Mahajanga. Improvements on the school cost 30 million FMG.

Concerning building construction, the prime minister said that construction of the regional university centers (CUR) cost 30 billion during the First Plan (8,760 student residences, 18 amphitheaters, 56 faculty residences, classrooms with 13,650 seats).

Telecommunications

The prime minister spoke of Telecom-South, whose operation began in June 1981. It should be stated that this system connects the Antananarivo-Fianarantsoa-Toliara line. The system will link Tolagnaro beginning in 1983. In addition, the prime minister stated that the Imerintsiasika transmitter has been overhauled since 22 August 1981, while that of Sabotsy-Namehana has been in operation since 4 February 1982.

The First Plan enabled 82 postal stations and 3 post offices to go into operation. In addition, 5 maritime telegraph radios were set up. The Ministry of Posts and Telecommunications has: set up BLU [single lateral band] radiotelephones in six locations; set up VHF radiotelephone connections in six locations; put telephone standards into operation in seven areas; improved urban telephone cable systems in Manakara, Ambatondrazaka, Tolagnaro, Mahajanga and Toliara.

In 1981, the achievements of the Ministry of Posts and Telecommunications included the following: the startup of 29 postal stations and 13 rural post offices; the setting up of OM 50 WW transmitters in Antsiranana and Mahajanga; the establishment of VHF and radioelectric connections between Ambanja and Nosy-Be; the establishment of 24-track circuits between Ambanja-Ambilobe and Antsiranana; the setting up of 1-channel circuits between Ambositra and Sahamadio; the setting up of special CP connections for radiobroadcasting between Antananarivo-Toamasina and Antananarivo-Mahajanga; improvement of telephone connections between Antananarivo and Toamasina; and the setting up of the box line between Imito and Sandrandahy (12 kilometers).

In Antananarivo, the new central is already in operation, while the telephone system will soon be improved.

The prime minister reviewed accomplishments of the other ministries, including in particular: the 1-point increase in government employees' index figure (1,115); establishment of a national workers education center; operation of the regional university centers and the Level 3 teachers training

school; establishment of a youth development and organization center; new sports legislation to go into effect in 1983; the graduation of new classes from the National Physical Education and Sports School (23) and from the National Youth and Workers Education School (53); formation of a national art troupe; the opening of 12 new libraries throughout the island; an increase in the number of museums; the operation of the surgical clinics of Tsiroanomandidy, Maintirano and Maroantsetra; the operation of 347 first aid centers and the Ampefiloha University Hospital Complex (70 percent); the graduation of 148 midwives, 556 nurses and health aides; 972 doctors trained in Madagascar and 103 more trained abroad. Prime Minister Rakotoarijaona then went on to speak of the economic crisis now affecting the entire world and mentioned Willy Brandt's remarks before 900 political, economic and scientific experts on 29 May 1981 in West Berlin.

"The international economic crisis now hitting the entire world is the most serious since World War II. It has paralyzing effects on relatively rich countries and fatal consequences for many Third World countries. This crisis is accompanied by the danger of growing protectionism and the bankruptcy of an entire group of nations."

Concluding his speech, the prime minister once again reminded his listeners that "the best way to ensure the triumph of our revolution is the support which the whole Malagasy nation must give to President Didier Ratsiraka."

11,464
CSO: 4719/1120

MOZAMBIQUE

PROBLEMS REVEALED IN SECTIONS OF BEIRA

Maputo DIARIO DE MOCAMBIQUE in Portuguese 4 Jun 82 p 3

[Text] Poor coordination between organizations and residents of the 13th and 14th districts in Manga, which is reflected in the failure to find an immediate solution to the problems of the local residents, is one of the aspects of the deteriorating political and social situation in those areas located on the outskirts of the city of Beira.

This observation was made following a survey recently conducted in those districts by a brigade composed of the secretaries of the Control and Economic Policy Committees.

According to explanations given to that brigade by the two districts, the members' failure to participate in meetings is due to "a lack of time," since the majority of the people attend night classes.

After the resident minister in Sofala visited those two districts about a month and a half ago, a brigade from the City Committee was set up to make a general survey of the main problems in that area.

The inhabitants of the two districts denounced the "poor service rendered by the police in the area, who fail to process properly the troublemakers turned in to them."

On this subject, they also brought up a typical case in which some people apprehended a bandit or thief and then took him to the police station. There the policeman on duty promised to carry out the appropriate proceedings against the prisoner. You can imagine how surprised those people were when, a half hour later, they saw the offender walking around in the streets. To make things worse, the same individual, now free, went back to the place where the people lived and began to threaten them, going so far as to assault them.

A number of cases were also reported to the City Committee brigade that showed the poor response of the local police to complaints by residents, which contributed greatly to the people's lack of vigilance and participation, according to the allegations of organizations in these two districts.

In view of these observations, which indicate a failure to comply with the resident minister's guidelines, the brigade ordered that working groups be immediately set up in those areas. These groups would be responsible for making regular accounts of the status of their activities. The groups would be made up of party members and representatives living in the district.

Local Police Says the Opposite

Meanwhile, when our reporter contacted the police of the 7th station that serves the two districts and spoke with officers Joao Maria Remigio and Joao Mariano, a permanent officer and deputy officer, respectively, they refuted the accusations.

These two officers told our reporter that the agency responsible for deciding whether or not to arrest individuals who are brought in to police stations is the PIC [Criminal Investigation Police], after they verify the charges against them.

"There are problems that are not worth referring to the PIC. We solve this type of problems here, by reprimanding the individuals," they said. If the case is to be referred to the PIC, they prepare the pertinent reports.

"When the case is referred to the PIC, it is obvious that the plaintiffs are also called to testify before the officer. And what has happened is that they (the plaintiffs) fail to appear. Then the accused must be released," they concluded.

9805
CSO: 4742/333

MOZAMBIQUE

PLANT WORKERS IN BEIRA PLEDGE VIGILANCE

Maputo DIARIO DE MOCAMBIQUE in Portuguese 2 Jun 82 p 4

[Text] Workers at the Port-Railroad Complex in Beira indicated that they were strongly determined to counteract any enemy action to impede the development of that important strategic sector of our economy.

This commitment was made by thousands of workers at a meeting held the day before yesterday to officially inaugurate the local Coordinating Secretariat for the Circle of Vigilance Groups.

This agency is responsible for assisting the work of various vigilance groups backed by the entire enterprise that had been working separately up to now.

The meeting was chaired by a team from the SNASP [National People's Security Service] in Sofala, and was attended by executives from CFM-Centro [Mozambique-Central Railroad], local political organizations, and all the workers in general.

The participants were told how important that sector is for the SADCC [Southern African Development Coordination Council] countries and for the battle to overcome the country's underdevelopment.

At the meeting a description was given of the disruptive, criminal activities of armed gangs financed by racist South Africa, the advance guard of imperialism in southern Africa, which directs its aggression against economic and social targets to impede the economic freedom of the independent countries in the region.

Vigilance Group Established at Repair Factory

Meanwhile, to ensure the safety of the thousands of workers who take their repairs to the Beira Repair Factory, a People's Vigilance Group was set up the day before yesterday there.

According to the head of the brigade in charge of the ceremony, party and government organizations are giving special attention to strategic social

and economic enterprises, since they are focal points of enemy infiltration and sabotage, that could endanger the lives of thousands of people.

"Vigilance should not be confused with management or with other structures in the industry, but it is meant to watch over the work and to defend the conquests of the worker and peasant class," the official said.

9805
CSO: 4742/333

BRIEFS

LISBON, MAPUTO COOPERATION--Maputo and Lisbon are planning an exchange in the areas of supplies, firemen and tourism, according to what Mario Guerreiro, director of GOAM [Maputo Supply Organization Office], told our reporting staff. A delegation of the Maputo Executive Council was recently in the Portuguese capital to visit various municipal services to finalize a cooperative agreement announced in Maputo in March. Nino Krus Abecassis, president of the Lisbon city council, was in Maputo on an official visit which culminated in the signing of a protocol of cooperation covering the above-mentioned sectors. The Mozambican delegation was headed by GOAM director Mario Guerreiro and included Mario Trindade, director of the CIT [Information and Tourist Center], and Fernando Mungara, commander of the public salvage corps. A study is underway to consider the possibility of having Portuguese technicians aid in teaching Mozambican firemen special skills in the handling of mechanical equipment, such as ladders. In this connection, a group of Mozambicans will go to Portugal, while a number of Portuguese technicians will come to Maputo to conduct courses. With regard to supplies, there are plans for Portuguese technicians specialized in the organization of that sector to come to Mozambique, and there are similar plans with regard to the administrative organization of tourism. [Text] [Maputo NOTICIAS in Portuguese 4 Jun 82 p 12] 8568

YOUTH TRAINING IN GDR--Forty-one Mozambican youths will be completing the preparatory program in the German Democratic Republic in the next few months, and this will enable them to enroll in specialized courses. This 1-year program consists of German classes at the Samora Machel Center. Later, the young Mozambicans will attend courses on forestry, agriculture or plant protection. They will also learn to use more modern machinery used in forestry work and will have an opportunity to specialize in various branches of the field. [Text] [Maputo DIARIO DE MOCAMBIQUE in Portuguese 4 Jun 82 p 3] 9805

WORKERS GET DEFENSIVE TRAINING--The Mobilias Liz company, located in Gondola District, Manica Province, has plans to produce 1,415 pieces of furniture this year, including bookshelves, beds, tables and chests of drawers. According to the Radio Mozambique announcer, in Chimoio, where the factory moved a few days ago, production is jeopardized at the present time, as there is not enough plywood, nails and varnish to fill the orders received from official agencies in Manica Province and individuals. However, the same source indicated that, in view of the political and military situation in the province, various workers are currently training to defend their own and other production units against armed gangs acting under the direction and protection of South Africa. This program will be continued until all 51 workers in the enterprise are properly trained to this end. [Text] [Maputo DIARIO DE MOCAMBIQUE in Portuguese 3 Jun 82 p 4] 9805

SOUTH AFRICA

MORE POLISH REFUGEES RECRUITED FOR SOUTH AFRICA

Johannesburg BEELD in Afrikaans 25 May 82 p 23

[Text] The GENCOE Company has just recruited another 200 or so Polish refugees as employees to come to work in South African mines.

The joy of successful applicants shown as they came out of recruiting offices in Austria is touching, according to some of the Poles who can speak a few words of English. Those who are less fortunate in obtaining jobs somewhere keep waiting in recruiting offices praying for a means of livelihood.

About 50,000 Poles, Albanians, Czechs and Romanians are looking for a means of livelihood in refugee camps in Austria after the situation under the communist government in Poland became untenable. Row after row they wait for hours for food or for the monthly compensation of 15 rand per person which is made available to them by the Austrian Government.

The Austrians are sympathetic to the refugees because in 1683 the Polish king helped in repelling the Turkish invasion of Austria. But sympathy does not help in feeding hungry mouths and to pay for the most vitally necessary facilities.

For these reasons the Poles are willing to start all over again in a new country.

This weekend a little group of 24 of them arrived at the Jan Smuts Airport and in the course of the following several months about 200 Polish employees and their families will be brought into this country.

Tears flow every time they arrive at the company's brand new living quarters at Rustenburg, where they must go through a language course before they leave for the various mines.

The language courses are being given by six female instructors and last 3 weeks. They learn the most necessary vocabulary so that they can find their way around without running into communication problems.

The furnished living quarters with a reasonable food supply is the answer to their prayers for the Poles. Their children can now be cared for once

again with the generous allowances which GENCOR advanced to them so that they can buy the most necessary things. School training at English lower schools is no problem, even though the strange language is being learned by degrees.

Each new little group of arrivals is awaited by the others at the residential building where they are given a warm welcome. They describe this as a tiny bit of the fatherland which comes back to a strange land.

7964
CSO: 4701/86

SOUTH AFRICA

NEW CONSERVATIVE PAPER INDICATIVE OF TREURNICHT-HERTZOG COLLUSION

Johannesburg BEELD in Afrikaans 25 May 82 pp 1-2

[Text] Is Dr Andries Treurnicht now hand in gloves with Dr Albert Hertzog's financial empire? Yesterday this question had Pretoria buzzing when it became known that the Conservative Party's newspaper DIE PATRIOT is being managed from the Pieter Neethling Building. The Pieter Neethling Building happens to be the headquarters from which Dr Hertzog has been conducting his activities for years. However, Dr Hertzog denies that there is a connection between him and the new newspaper. The building also houses the Pieter Neethling Fund which can be used "for the promotion of Afrikaner interests" and of which Dr Hertzog has been the trustee for decades. The chief trustee and full time official of the funds is Mr S.A. (Fanie) van der Westhuizen who is also the chief of the new Conservative Press which owns DIE PATRIOT.

Mr Van der Westhuizen is the successor to the well-known Chief Trustee Schalk Botha and it is known that he has strong rightist sympathies. He comes from Worcester and evidently he was a former good friend of Mr Louis Stofberg, the former MP for Worcester and now the chief secretary of the Reconstituted Nationalist Party.

The directorate of the Conservative Press is made up by Van der Westhuizen, Sarel Reinecke (a former MP who until recently was still Dr Connie Mulder's right hand man) and Dr Joseph Nenning, a nuclear physicist having known rightist sympathies. Dr Chris Jooste, the former director of SABRA [South African Bureau for Racial Relations], was appointed as its editor. He assumes the job on 1 July.

Besides Van der Westhuizen the trustees of the Pieter Neethling Fund are: Dr Albert Hertzog, Dr T. E. W. Schuman, Dr S. Meiering Naude, Dr J. J. de Beer, Mr I. W. Fereira, C. F. Zervogel and Jaap Marais, the leader of the Reconstituted Nationalist Party.

When BEELD asked Mr Jaap Marais about a possible connection between the fund and Dr Treurnicht the former said that "as far as I know, as a trustee of the fund, there is no connection between the fund and the new newspaper." Even Dr Meiring Naude, the former president of the Scientific and Industrial Research Council, said that he knew nothing about such a connection. Dr Hertzog and Mr Westhuizen were not available for a comment.

However, political observers point out that among the trustees there are persons having great admiration for Dr Treurnicht. As one of the expressed it--the direct connection with the fund (through Mr Van der Westhuizen) was probably concluded in the hope that later on there would be direct support from the fund.

Yesterday BEELD receive a telephone hinting that the first issue of DIE Patriot could be picked up at room 110 of the Pieter Neethling Building. When the newspaper was received it became apparent that DIE PATRIOT actually appeared "under a pseudonym." In its front page one finds the following written in small letters: "DIE PATRIOT incorporated with the PRETORIA POST-POS." The latter title was printed in large letters.

The PRETORIA POS is a publication started by Mr Reineck last November. This is a "tokenless" newspaper being circulated free of charge from house to house. In the meantime this publication has been taken over by the Conservative Press and this week's issue is interspersed with political reports and caricatures. One of these caricatures shows Prime Minister P.W. Botha in a corner about to paint himself all over. The paint can in which he is dipping his brush bears the words: "black is beautiful."

A spokesman of the company told BEELD that all advertisers have been informed that "a packet" is being sold allowing the advertisers to purchase advertisement space in either the POS or THE PATRIOT or in both. However, a well-known Pretoria car dealer told BEELD that in no instance was he ever warned that the newspaper would carry messages of a political nature. He advertised in it because he was under the impression that this was a normal local newspaper being circulated from house to house and offering suburban news items.

In political circles the feeling is that it was a serious blunder to have THE PATRIOT's name coupled with a newspaper which is being stuffed into mail boxes free of charge. This sort of thing can not only arouse the anger of advertisers, but the political message becomes greatly discredited by this relationship.

"EELD has learned that the first issue of the "purified" PATRIOT is going to press today. It will be appearing this month. Thereafter there will be an issue in June and from 1 July, it will appear on a weekly basis.

7964

CSO: 4701/86

PARTIAL BOOK EXTRACT DISCLAIMS APARTHEID'S CHRISTIAN BASIS

Johannesburg BEELD in Afrikaans 24 May 82 p 9

[Text] In this first extract from his book "Ter Wille Van Hierdie Wereld" (For the Sake of this World) Prof Ben Engelbrecht, of the University of Witwatersrand, states that the Bible preaches one political salvation and one final redemption of the world--the Kingdom of God on Earth founded on the basis of justice and love. The social ideal is central in the Bible...Politics must strive to that goal also. It must be discharged religiously. It must be secularized. Then it will be salvation.

The problem of the relation between Christian faith and politics has now become of existential importance for every South African. In reality this is always and everywhere the case where Christian faith is professed.

The God of the Bible is a God having a total claim upon our lives. His salvation is for all humanity and for all life upon Earth. Our entire life in the total political reality must be an experience of salvation. God wants to grant us this. He does not want to force this upon us; the choice is always ours.

In every sphere of life, including that of politics, alternatives are always being held out before us, alternatives which contain attractive promises. But a choice that runs against the will and purpose of God will always end up in painful disillusionment. Ultimately only truth appears reasonable to truly emancipating. God's gospel is reasonable, and His Word is the truth (Joh. 17:17). In the end only this truth is emancipating (Joh. 8:32).

This book has been written in the belief that the South African people belong to God by virtue of His Word. We also want to be a Godly people in whose midst He dwells. Church and authorities know that the way of faith, of obedience to His commandments and trust in His promises is the only way to salvation for our nation in our political life.

A Way of Struggle

But the road of faith is a road of struggle against temptations from within and from without. Yet South Africa, at the southern point of a riotous

continent and at the focal point of turbulent world events, can also be a model of the recreative plans of the Holy Spirit exactly because of the circumstances which make our country an example of "the world" with its apparent irreconcilable contrasts. Life in our country can really be an experience in salvation for all its inhabitants. Our political ideology must have the Bible as its spiritual basis.

The Bible is not merely a "book" for individuals and it does not merely show us the way to a happy hereafter for souls that have been saved. Most of all it contains a message of salvation for our lives in this temporary historical and material world. It proclaims a political salvation and an ultimate political redemption of the world--God's kingdom on Earth founded on the basis of justice and love.

The social ideal is central in the Bible; it is not only a matter of time and history, but also of the hereafter--of eternity. The sum total of the biblical message of salvation and ultimate expectation of deliverance are new heavens and a new Earth in which justice dwells. Then God will be everything in everybody.

Politics must strive for this goal also; it must be sensitive to the world and humanity and the more direct and unequivocal, the better. It will then provide the best expression to the intention of the God that we have learned to know from the Bible. But in order to do this, politics must be religiously discharged, namely, it must be freed of religious tension; in other words it must be exorcised of the devil.

A Truer Doctrine of Salvation

We can also say: It must be secularized; then it becomes sainted. The Earth belongs to the Lord and so does its fullness, the world and those who live in it. For God it is a matter concerning the world and the people who inhabit it. Therefore, the more attuned to the world and to humans is the political order of things the closer it is to God's will.

If so then there can be a legitimate calling upon God on the part of those exercising politics, and then a political ideology can be a truer doctrine of salvation.

Calling upon God, however, is a risky matter. The less a politician calls upon God and the more concerned he is about a livable world and a reasonable existence for all people, the less the Bible believer needs to fear the snake in the grass.

However, the more anxiously an ideology calls upon God the more uneasy the believers become. Such a situation can be initiated through an anxious effort to justify something in the eyes of that God, who loves the world and its people, which is unjustifiable; this can end up in a demonical madness which calls upon God to throw the world into chaos and dehumanize people on the basis of religious principles and convictions.

Then as far as politics is concerned the Earth and its fullness, the world and those who live in it, will no longer belong to the Lord, but will be betrayed to the devils.

Things began to go wrong with our policy in South Africa when an anxious search was undertaken through the churches, especially the Afrikaans-speaking churches of the reformed confession, for "scriptural justification" for racial apartheid. That bedeviled our policy.

Disaster Prophesied

Apartheid, as we have learned to know it through the years, is evidently not an ideology in which the anticipation of God's kingdom of peace and justice is recognized by true humaneness. For that reason there were many South African faithful who saw from the very beginning that this would not prophesy salvation for us, but disaster.

In this sense it is a false "gospel," because you must note that a gospel, and the gospel of God, promises salvation for the world, for the political and social order. But before we had completely realized where we were there were greater, more arrogant, more dangerous demoniac "gospels" on the scene. Just consider the "theology of the revolution" in its various forms and in its variety of nomenclatures.

South Africa must now once and for all close, shut and seal the "apartheid book" in which such an important and unfortunate period of its history has been written. It has now caused enough damage and if the writing on the same vein continues on, then a foretaste of hell and not a pre-experience of God's kingdom of peace will be our destiny. Out of principle apartheid must be declared as a biblical and political heresy--once and for all times.

It would appear that apartheid, to which we must turn our backs, is not succeeding in any practical, pragmatic arrangements between the population groups of our country to have them reside in their own regions under self-government. Therefore, what is of course necessary is mutual agreement between the parties concerned and this mutuality also implies satisfaction.

Grief to Human Lives

The thing which must be rejected in the name of God is apartheid as a religious principle and therefore apartheid which through an appeal to God wants to force itself upon a multiracial, multinational unitary community and bring misery to so many people's lives.

As a rule voices have been raised warning against this sort of thing in the name of the gospel of God. There was a time when these voices became fainter, but they are now getting louder; but opposing voices are also getting louder. We are being put before a choice: How patient is God! Perhaps this time it is the end.

This book unashamedly makes the claim that it is in agreement with those who are now calling us back, away from a false message of salvation for the life of our country, to the truth. It is written for no other purpose than to try to give expression to what, according to the Bible, is the way to salvation even with respect to the organization of our national life.

SOUTH AFRICA

TRADE UNION SAYS IT ACTS IN SPIRIT OF NEW ORDER

Johannesburg BEELD in Afrikaans 24 May 82 p 9

[Text] One of the greatest tasks of the South Africa Boilermakers Association is to train its members to act as informed and responsible citizens; this is what Tjaart Coetzee, the advisor to this trade union, says in a special article for BEELD at the conclusion of the recently held triannual congress of the boilermakers which with its 53,000 members forms one of the country's largest trade unions. In its 85 years of existence this trade union has always tried to see to the interests of every racial groups in its membership, doing so with equally interested attention. This has not always been easy, but now with the new political order of shared authority, which lies on the threshold of the country, trade unions such as the Boilermakers can help with its adoption--for that matter they have always been ready with flying colors.

Labor relations and racial relations are closely tied with each other and there is no use trying to deny that the various racial groups in the labor setup each have their own requirements and preferences.

This is one of the messages given in the recent triannual congress of the South African Boilermakers Association which, with its 53,000 members forms one of South Africa's biggest trade union.

This attitude is strongly evidenced in the amendments made in the trade union's constitution in the course of the congress. The decision was made that there must be assurance for the representation of each population group in the main directorate in order to make sure that there will not be domination on the part of one group over another.

An urgent appeal was also directed at the new main directorate and all officers and officials to make a conscientious effort in insuring that the opinions and priorities of the various population groups will receive equal attention.

Criticism

Decisions emanate out of the informal structure of the trade union itself. Although not required by the union's constitution, it consists essentially of white, colored and black branches. In some regions, for example Pietmaritzburg, there is only one mixed branch.

In most of the other regions there are very close ties between the branches at an executive level.

The boilermakers have already been criticized for this sort of structure. However, in the course of the union's 85 years of existence it was found that there were serious stumbling blocks in the way of effective multiracial branches.

Up until now one of the most serious of these were separate residential areas which made it difficult to convene a fully representative branch meeting. Even just among the coloreds and the whites it often turned out that the management of a mixed branch ended up being in the hands of one or the other of the population groups.

Nonracial

According to Mr Van der Watt the decision to be "multiracial" rather than "nonracial" was a difficult one and much thought was given to it. The problem came up to the foreground again when about 12 years ago the decision was made to accept blacks into the trade union.

Mr Van der Watt said: "It was my opinion and the opinion of most of those involved that it would be senseless to try to deny that there are far-reaching differences between the requirements and preferences of members of different population groups."

Therefore the policy is not to ignore these differences, but to work consciously in an effort to accommodate these differences.

However, it is not expected that the problems arising in a multiracial structure will be resolved in a flash.

"Actually racial problems were just one of the aspect of our present day growing pains. Originally membership in the union was for the most part limited to trained craftsmen. In line with modern developments, membership is now open to all grade of workers including migrant workers."

"Moreover membership is not limited to members of the boilermakers trade. All trades are covered ... wherever there is not an effective trade union which will accept the workers involved as members. Thus the boilermakers' union is the only existing trade union which accepts black and colored mineworkers as members."

Support

"The most important stroke of the congress was the fact that there was nearly unanimous support for the policy of delegates. The support was evidenced in the re-election of Mr Fred Ahrends for a third term of 3 years as president of the trade union.

Mr Var der Watt said: "This sort of support is necessary if we are to carry out our task as a trade union. The speedy growth of our membership (from about 32,000 to over 53,000 in 2 years time) also entails new responsibilities...not to speak of administrative problems."

Naturally we must balance our increasing influence with a greater direct involvement with the national interest. For many of our members we are the most direct channel to the government and we must take this into consideration in our actions and also the matters which we manage in the name of our members."

What this means is that the trade union organization must constantly be further expanded so as to provide more services.

"In the meantime we must also remember that on a very traditional manner we must represent the interests of the trained craftsman as well as that of a member who, when he joined up, said that his job is "to kill mice in the mine."

But actually one of the greatest tasks of the trade union is to train its members to act as informed and responsible citizens of the country.

7964
CSO: 4701/84

SOUTH AFRICA

MILITARY SUB-SECTION RENAMED; PROVIDES CARE FOR SERVICEMEN

Johannesburg BEELD in Afrikaans 24 May 82 p 10

[Text] A group of Citizen Force officers from the armed forces sub-section known as Communication-Operation (previously known as Orientation Service) is setting up an organization for providing consultation services for servicemen.

According to Capt B. Taljaard, a staff officer of the Communication Operation of the Western Province Command, servicemen are brought up to date as to what will be expected of them even before they depart for duty.

Schools will be visited. Future servicemen will be informed as to what lies ahead of them and in which field they can be trained.

Problems

While the servicemen undergo training they will be visiting bases where they will be encouraged to study. They must use the 2 years of military duty in the most useful manner possible.

Just before servicemen are discharged they will revisit bases in the republic and in the operational area. Servicemen will undergo preparation for returning to civilian life. Officers will ascertain who does not yet have a job and career information will be made available.

A serviceman will be looked after even after he is discharged. When these men are recalled for an additional 3-months training sometimes problems may arise...mostly family problems. Moreover employers often do not understand the policy of the armed forces with respect to military duty; thus it is necessary to discuss matters with them also.

Requirements

The Communication Operation sub-unit is composed of a group of about 50 officers who operate on a countrywide basis, according to Captain Taljaard. They perform the task of a communication and contact group and also work with service organizations such as the Lions and the Roundtables as well as with local managements.

"Whenever the economy flattens or drops then there arises a requirement for help in providing jobs. A lot of efforts will be expended in finding appropriate job opportunities for returning soldiers."

"The motto of our unit is: The Armed Forces Do Care." We will carry on with this motto, because we know that the United States encountered great problems due to the fact that during the Vietnamese war nothing was done about the emotional and psychological needs of those men. We want to prevent such a situation."

"Our unit consists mostly of personnel experts. We were incorporated on a district basis. Officers act independently of one another, but they keep in touch with each other by means of reports which are passed to and fro. Once or twice a year we meet to discuss problems."

One of the objectives is to demonstrate to the servicemen that the community cares for them and that the job they do is appreciated. Communities are to be encouraged to arrange welcomes for returning servicemen.

Attention is to be given especially to the returning wounded and injured.
"They will know that we are here if they need help."

7964

CSO: 4701/84

SOKODE STADIUM CLOSED FOR YEAR BECAUSE OF VIOLENCE

Lome LA NOUVELLE MARCHE in French 11 May 82 pp 1,4

[Text] For more than fifteen years, the Togolese people have lived in peace. At the price of untiring effort and often at the risk of his own life, General Eyadema has banished from our country fratricidal struggles, showdowns, tribalism, regionalism, hatred, vengeance and anarchy to make of Togo a solidly united Nation henceforth mobilized for full development.

In the sports field, the setting up of adequate infrastructures and equipment has fostered a spectacular development in the practice of sports, particularly of soccer, in all the prefectures. The sports reform of 1974, effected in 1978, aims at consolidating the accomplishments of our revolution in the area of sports.

Unfortunately our stadiums still constitute isolated sites of violence which endanger the peace and security of the citizens. The latest incident occurred at Sokode on Sunday, May 2, 1982 at the close of a soccer game matching this city's Semassi Club against its counterpart Agaza from Lome, which carried the game by a score of two goals to one. The Semassi supporters felt they could relieve their disappointment at their club's defeat by breaking the windows of Agaza's bus with stones and by injuring the police officers who were escorting the vehicle.

Such behavior, which does no honor either to the militants of the Rally of the Togolese People or to sports fans, cannot be tolerated in the Togo of the New March especially after numerous warnings and after the closing, as an example, of Aneho's stadium in 1980 for the same reasons.

Consequently, it has been decided that:

- 1) The Sokode stadium will be closed for a year dating from May 3, 1982; the Semassi Club will play its matches at home in the Atakpame Stadium.
- 2) Medical expenses for the injured police officers and costs of repairing the Agaza bus will be defrayed by the Semassi Club.

The Minister of Youth and Sports has taken advantage of this opportunity to remind everyone, leaders, players, and fans alike, that sports must be a factor in consolidating the nation's regained unity and in bringing youth together, and that no

further acts of violence will be permitted with regard to sports matches. The Togolese people, who still remember enduring atrocious suffering before the Man's January 13th arrival in power will not allow its future to be jeopardized by threats to the peace and security of dearly won.

As the President-Founder often tells us, "Though it is easy to destroy, it is not so easy to build." Consequently, we must do everything possible to maintain the peace, the political stability and the national unity that General Eyadema has built and fortified for 15 years.

9781
CSO: 4719/984

IMPORT PRICES RISING COMPARED TO LOCAL PRICES

Kinshasa ELIMA in French 6 May 82 p 9

[Article by Nzinga Ningi]

[Text] The Kinois live more on local agricultural products than on imports, namely, legumes, cassava flour, beans, cassava leaves, bananas and other mfumbua, chikwanges, yams, sweet potatos; also fresh and smoked fish and meat. Economic operators see only these products when there is talk of "breaking" prices. While consumers applaud, peasants, other farmers and fishermen stand by powerless as their purchasing power declines. It seems unfair somehow. If we really want to revitalize our countryside and put an end to the exodus from the land to the cities, it is time to treat local food products fairly.

All consumers agree that prices should not be in a constant state of volatility. What is needed is prices that more or less correspond to purchasing power. Even peasants and other farmers and fishermen know this, since they, too, are consumers of other products. But when a need to "break" prices is felt, it has to apply to all of the products on the market. Imported products that fill stores, shops and markets should decline in price at the same time as local products. Thus, peasants, other farmers, fishermen and hunters would always be able to procure products such as salt, sugar, clothes, household appliances, medical care, etc., without too much trouble.

But the opposite often happens. The prices of local food products come under attack, while the status quo remains where speculation and outbidding for imports are concerned. A sack of dry cassava roots should cost 100 zaires instead of 200, for example, despite all the transportation and other costs, while the price of a sack of rice or a Dutch wax rises. Customs duties and the scarcity of foreign exchange are often mentioned to justify this state of affairs. It is forgotten that this confronts the peasants and everyone who sells local food products with a falling purchasing power. So they must sacrifice to feed others cheaply, while at the same time it is harder and harder for them to buy necessities like soap, salt, sugar, clothing, etc., which are imported and whose prices remain high.

When prices are "broken" unilaterally, to the detriment of the peasants, other farmers, fishermen and hunters, this very productive sector of the

population is condemned to poverty. Thus, we not only run the risk of discouraging them, we also encourage the exodus from the land to the cities. These consequences stem from unfair conduct toward those who supply our urban centers with local food products.

Everyone is interested in seeing prices fall, in view of the general level of purchasing power. But this price drop, if it must come, should affect all of the products sold in our stores, shops and markets.

9855
CSO: 4719/968

BRIEFS

TOMATO CONCENTRATE OUTPUT--More than a million tins of tomato paste are produced per month by the Domaine agro-industrial presidentiel de la Nsele (DIAPN) [Nsele agro-industrial presidential domaine], said citizen Bongo Polo, DAIPN manager, during a tour of the plants of this great achievement of the second republic. According to citizen Bongo Polo, the tomato paste factory, which has been operational only since last February fills 700 empty tins per minute on the spot; [unintelligible; apparently line missing] the factory employs 200 workers. [Text] [Kinshasa ELIMA in French 6 May 82 p 9] 9855

CHEMICAL INDUSTRY DIFFICULTIES--The foam rubber and plywood industries are having serious difficulties obtaining supplies of raw materials. This situation has prevailed for a long time in the foam rubber industry. All the raw materials used to make foam rubber are imported. Interruptions in supplies, which are becoming commonplace and which sometimes last a long time, leave managers no choice, for all practical purposes, but to slow down production or suspend work. According to citizen Tangi Dibanzilua of the Tangi Mousse factory, who we approached on this subject, the present situation is unfavorable for employers, employees--who are sometimes forced into technological unemployment--and clients alike. Foam rubber is of interest to people furnishing homes, equipping hospitals and boarding schools, etc. So it is above all a product that meets a social need. The plywood industry is in a similar situation. The only difference is that some of its raw materials are local: wood. Wood supplies are no serious problem. The same cannot be said, however, for the appropriate glue used in manufacturing plywood; this must be imported. Many sectors of society are interested in bplex, triplex, and multiplex. According to Mr Van Denberg of Lignakin, lack of glue has recently caused a technological work stoppage lasting about 4 months in this factory. For the employer this means a decline in sales, and of course there are consequences for both employers and clients, who always need this popular product. Only a regular supply of foreign exchange can solve this serious problem of lack of raw materials. Given the importance of these industries to society, they should be granted foreign exchange. [Text] [Kinshasa ELIMA in French 6 May 82 p 9] 9855

CSO: 4719/968

NATION APPEALS FOR DEVELOPMENT AID RATHER THAN FOOD

Lusaka TIMES OF ZAMBIA in English 25 Jun 82 p 1

[Text] **ZAMBIA** yesterday made a special appeal to friendly countries to give her development aid rather than food.

The change in the mode of assistance the country would like her friends to give was announced yesterday by Prime Minister Mundia when he signed a K10.82 million loan agreement with the American government for bringing in 25,000 metric tonnes of finished fertiliser.

Mr Mundia told the charge d'affaires at the American embassy Mr Wesley Egan who signed for his government, that by getting development aid the country would be able to produce her requirements locally.

He suggested that loans intended for food aid could be turned into a revolving fund that would assist peasant farmers in crop production.

"We are making a special appeal that assistance from friendly countries like the US, should be on development aid rather than food aid.

"This would enable us to bring in the required raw materials for the production of inputs like fertiliser, locally."

Mr Mundia, who signed the loan agreement in his capacity

as acting Minister of Finance, said Zambia's development aspirations continued to be impaired by insufficient material resources and technological know-how.

"Zambia will greatly cherish meaningful and real assistance from friendly countries like the US, to enable us to overcome these constraints."

The American government, the Prime Minister said, was on record as being in the forefront in giving such aid aimed at accelerating development, as evidenced by the fact that about K207 million had been given from 1973 to date.

On the country's economic strides, Mr Mundia said Nitrogen Chemicals of Zambia (NCZ) stood out as the largest single investment the Government had undertaken since Independence.

The firm which was an agro-industrial complex, needed to be supported because it had a vital role to play.

Mr Egan said the accord which was under the US Agency for International Development's Commodity Import Programme, was in support of the Zambian Government's drive for food self-sufficiency.

He added that Washington had identified the agricultural sector, as one of its highest assistance priorities.

CSO: 4700/1542

CONDITION THAT RECRUITS MUST BE UNIP MEMBERS CAUSES CONTROVERSY

High Command Disavows Officer's Statement

Lusaka TIMES OF ZAMBIA in English 30 Jun 82 p 1

[Text] THE current Zambia Army recruitment controversy over the condition that recruits must be members of UNIP took a new turn yesterday with the high command disowning an earlier statement by one of its officers.

A statement issued yesterday by Deputy Army Commander Major-General Christon Tembo categorically dissociated the Zambia Army from the statement by army public relations officer, Smith Kalabi, which stated that the UNIP membership condition had been withdrawn.

We here publish the unedited statements issued by Kalabi on June 27 and Gen Tembo which appeared in our issue of June 28.

Kalabi's statement bore the official date stamp of the Zambia Army headquarters. It read:

"Preparations on the recruitment cries.

The Zambia Army had put up those adverts which has sparked (sic) the unwarranted controversy — in line — within its limits, because the Party commands the gun, and the Party and the Government are all in one.

As far as we are concerned, there is only one Party in the Republic. And we expect, each and every citizen to be a member of UNIP.

As soldiers, we support and follow regulations of any and each government which is in power. As at now, UNIP is in power. We will continue to abide and follow, the footsteps

of the leadership and we will carry on with our duties loyally without hesitations or questions.

However, the recruitment adverts were not meant to discriminate a few individuals who are not yet members of UNIP.

According to us in the army, we have a belief that all officials and members of both the Law Association of Zambia and the Zambia Congress of Trade Unions are all members of UNIP and all their children and their members at large are all members of the Party.

On the whole, we have since apologised (sic) to those who think, we in defence wanted to categorise some people. As such, if someone, somewhere, has a feeling that we are in breach of Article 13 of the Constitution, we have forthwith withdrawn those conditions.

It is therefore a right to each and every citizen, who is fit and keen with royal (sic) interests to defend the motherland to join the Peoples Army.

At last, (sic) people should understand that we in the army are people too. We are their sons and daughters. We want their support and courage for us to defend our motherland.

S. M. KALABI
Public Relations Officer,
Zambia Army Headquarters,
P.O. Box 31931,
Lusaka.

Press release by a spokesman of Zambia Army

1. In the SUNDAY TIMES OF ZAMBIA of 27th June, 1982, an article appeared in which it was alleged that the army had embarked on not only a "discriminatory" and "illegal" campaign of recruitment but that it was also "unconstitutional".

2. In a further coverage of the same issue on Monday 28th June, 1982, the TIMES OF ZAMBIA purported (sic) to have interviewed an army public relations officer, a Capt Smith Kalabi who is alleged to have issued the statement clarifying the contents in the article in the SUNDAY TIMES OF ZAMBIA.

3. The spokesman of Zambia Army has clarified that there is no public relations officer in the army appointed solely for that task and that presently such functions are vested in the Army Commander or the Ministry of Defence.

Clarified

4. The spokesman further clarified that the article which appeared in the TIMES OF ZAMBIA of Monday the 28th June 1982 should be treated as a fabrication or the making of

the paper itself in collusion with the officer who has appointed himself as a public relations officer.

5. In this respect therefore, appropriate military disciplinary action will be taken against the offending officer upon conclusion of the investigations currently being conducted in this matter.

6. The army has denied having issued any statement and wishes to point out that no officer was authorised to make statement on the matter. The public is therefore requested to ignore the statement in the paper purported (sic) to have been issued by Capt Smith Kalabi because the statement does not reflect the official views of the army on the matter. It must be treated with contempt it deserves.

7. The spokesman further clarified that it would appear the paper fabricated the story because they are quoting Capt Kalabi. The army does

not have such an officer on its establishment. The only other officer with a similar name is 2Lt Smith Kalabi. 2Lt Kalabi is not a captain neither is he a public relations officer.

Authorised by
Major General C. S. Tembo,
PSC for Army Commander.

When contacted for comment last night Mr Kalabi said in a telephone conversation from his Olympian Park Home, the world was very cruel, but that he would not like to say much because the matter was being handled at a higher level.

Since the authorities had taken their decision, he had no right to talk much.

"However, my conscience is very clear. I am being hanged like Jesus Christ was hanged," he said.

Zimba's Reaction to Minister's Statement

Lusaka TIMES OF ZAMBIA in English 30 Jun 82 p 1

[Text] HAVING a Party card is not the same as being loyal to the Party and its Government, Zambia Congress of Trade Unions general secretary Mr Newstead Zimba said in Kitwe yesterday.

He was reacting to the assertion by Minister of Defence Mr Wilson Chakulya that only members of UNIP must be allowed to join the Zambia Army.

Speaking when he closed an inter-unit skill at arms shooting competition in Lusaka on Monday, Mr Chakulya said only Party members must join the army.

Mr Zimba said if Mr Chakulya's remarks represented Government policy, then it meant that the Republican Constitution, which gives freedom of employment to every citizen, was meaningless.

The army, as an employing organisation, had laid down requirements which ensured that those who joined it were loyal to their country and were prepared to fight

and die for it. These conditions should suit people who valued their citizenship. "But if belonging to the Party is above citizenship, then that is a different matter."

"I want to honestly appeal to the authorities not to take Party membership as a criterion for loyalty."

It was wishful thinking to say that once a person joined the Party he automatically became a loyal citizen.

This was because dissidents had been discovered in the Party from time to time and there was no reason why they could not penetrate the army using Party membership.

"The ZCTU stand on this matter is very clear and this is that every Zambian should be free, basing that freedom on his citizenship, to look for a job he feels he can best serve the country by. His loyalty should stem from his being a Zambian."

"The constitution says one thing and you come out and say another, what does it mean?" Mr Zimba asked.

Minister Contradicts Public Relations Office

Lusaka TIMES OF ZAMBIA in English 29 Jun 82 p 1

[Excerpt] **ONLY members of UNIP must be allowed to join the Zambia Army, Defence Minister Mr Wilson Chakulya maintained yesterday.**

This was important because the defence force was there to interpret the political decisions of the Party into military language and as such all soldiers should be dedicated to the political decisions they were defending.

Speaking when he officially closed a week-long inter-unit skill at arms shooting competition yesterday in Lusaka, Mr Chakulya said he was glad to note that Party membership was one of the requirements of joining the army.

He stressed that by insisting on that condition the Party and its Government had no intention of breaching the Republican Constitution, and noted: "Anyway we have a mechanism of amending the Constitution when we want to amend it."

Mr Chakulya's remarks contradict a statement released by Zambia Army's public relations office yesterday which said the army had withdrawn UNIP membership as a qualification for joining it.

The requirement has been criticised by the Law Association of Zambia and the Zambia Congress of Trade Unions who have described it "illegal and unconstitutional".

But yesterday Mr Chakulya, a former ZCTU secretary general declared:

"With due respect to the lawyers, it is them (soldiers) who will be fighting at the front when war breaks out. The lawyer will be trying to find his passport to flee to London while you who have given up your lives for the nation will be at the battle front."

He said for that reason only those dedicated to a political system could defend it "to the end".

The Party was the custodian of the peoples' aspirations and the army was under the direction of the Party, hence the presence of Party structures in the defence force.

Where political solutions failed to bring the desired results military solutions might be the best alternatives if durable peace on the nation's borders

was to be assured.

The UNIP-only condition for joining the army was first contained in advertisements in the national mass media calling for applications to join the army as officers.

In subsequent advertisements, however, the requirement was withdrawn but LAZ chairman Mr Roger Chongwe, commented on the first advertisement noting that it was in breach of Article 13 of the Republican Constitution.

And commenting on the requirement, ZCTU general secretary, Mr Newstead Zimba said all Zambians were free to get jobs and the army was no exception.

Commands

And in his Press release announcing the withdrawal of the controversial qualification, army public relations officer, Captain Smith Kalabi said it was not the defence force's wish to discriminate against applicants on selecting patriots who wished to defend their motherland.

He said the army had put up the advertisement "in line with its limits because the Party commands the gun and the Party and its Government are all in one".

Allowed

"Is it wrong then if we want to know whether people joining the army were members of the Party or not and whether if they are not the Party organisers within the army will be able to turn them into members?" Mr Chakulya asked.

If the United States or Britain had been one party states as Zambia was, he was certain communists or communist sympathisers would not be allowed to join the army in those countries.

He called for stepped up political education among soldiers to cultivate the spirit of commitment in them.

He said only unquestionable loyalty to the leadership of the Party and its Government and good training would make one a brave soldier.

He urged the various units to foster inter-UNIP comradeship through competitions.

The minister called for high standards of training, observing that the current international situation was so fluid that no nation could take peace for granted any more.

"Our right to live in peace together with the moral support of the international community against the racist oppressors requires that we must be physically ready to encounter the enemy day or night."

Chongwe's Statement

Lusaka SUNDAY TIMES in English 27 Jun 82 p 1

[Excerpt] Chairman of the Law Association of Zambia Mr Roger Chongwe said the Party membership requirement was a violation of Article 13 of the Republican constitution which calls for the protection of fundamental rights and freedom of the individual.

Mr Chongwe said it was therefore illegal to discriminate applicants for jobs on the grounds that they were not paid up Party members, or that they did not belong to the Youth league.

Mr Kamanga pressed as the issue touched on constitutional matters, Mr Kamanga said he was on leave and could not answer questions out of office, adding: "even if I were in office, I would still not comment on this issue because the right people to do so are those in the Ministry of Defence".

"The people in defence are the ones who know why they

included the condition of Party membership in the advertisement. They are the ones who know why they later removed that condition," he said.

Efforts to reach Secretary of Defence and Security Zulu and the ministry failed.

But Chongwe said: "If you start categorising then you are in breach of Article 13 of the Constitution."

Mr Chongwe is also a member of the Industrial Relations Court.

People who felt that they had been discriminated were free to sue against such practices which were an infringement of human rights.

Although Article 4 of the Constitution provided for the creation of the United National Independence Party as the sole political Party in Zambia, this, however, did not mean that only UNIP members were entitled to jobs.

CSO: 4700/1542

MINISTER GOMA SAYS KAUDA-KAMOZO VISITS 'FRUITFUL'

Lusaka TIMES OF ZAMBIA in English 26 Jun 82 p 1

[Excerpt] THE exchange of visits between President Kaunda and Dr Kamuzu Banda over the past four years, have helped to strengthen the already existing good relations between Zambia and Malawi.

Minister of Foreign Affairs Professor Lameck Goma said this in Lusaka yesterday when he urged the peoples of the two countries to emulate the two leaders' example, by strengthening relations at the grassroots level.

He was speaking at a Lusaka hotel during a luncheon in honour of out-going Malawian high commissioner to Zambia Mr Jarvis Joseph Itimu, who has been here for the past three-and-a-half years.

Prof Goma said Zambia and Malawi shared a common historical background.

The people of the two countries were not only tied up together in bonds of affinity, but were in the past wedded together in the infamous marriage, known as the Federation of Rhodesia

and Nyasaland, which they fought and broke up in 1963.

"Now in their 'single' lives, our two countries must seek to make full use of the bonds of friendship and fraternity that exist between them."

In reply, Mr Itimu said he was leaving Zambia with happy memories because

throughout his stay as high commissioner he did not encounter any problems with the Government whenever he had queries to sort out.

Mr Itimu has been posted to Mozambique.

TRANSPORT FIRMS INCUR LOSSES

Lusaka TIMES OF ZAMBIA in English 28 Jun 82 p 4

[Text] THE transport sector performed badly during 1981 with four Zimco subsidiary companies including Zambia Airways and Zambia Railways making losses totalling more than K20 million.

According to the 1981 Zimco annual report, Zambia Airways made the highest K12 million loss during the year ended March 1981, a K7 million increase over the previous year's loss.

Zambia Airways recorded a turnover of K75 million for the year as against K81 million for the 15 months to March 1980 and while fuel rises contributed to an increase in passenger revenue, the increases were inadequate to meet rising

costs of aircraft fuel and oil which rose by 43 per cent."

A loss of K5.9 million incurred by the railways was attributed to escalating fuel prices and the diversion of copper traffic from the Dar es Salaam route.

And the United Bus Company of Zambia (BUZ) operating with a fleet of 439 buses incurred a loss of K4.7 million despite increasing revenue from K28 million to K30 million.

Contract Haulage on the other hand slightly improved from a loss of more than K2 million during the previous year to K243,000. The company hauled a total of 587,000 tonnes on the domestic and international routes.

Meanwhile, Zimco is carrying out steps to rationalise the transport system to benefit all transport companies within the group and the

report says that operations of Zambia-Tanzania Road Services were being affected by lack of cargo resulting from customers preferring other routes.

CSO: 4700/1542

UNZA SENIOR STAFF CALL OFF PLANNED BOYCOTT OF LECTURES

Lusaka TIMES OF ZAMBIA in English 29 Jun 82 p 1

[Text] UNIVERSITY of Zambia senior staff have called off their planned boycott of lectures because the Government has agreed to implement new salaries and conditions of service.

They decided not to carry out the threat during a meeting with the Vice-Chancellor Dr Jacob Mwanza who pledged his personal involvement in the matter.

At the weekend the lecturers rejected Government assurances that their demands would be met, saying the statement was "vague."

During yesterday's meeting, Dr Mwanza convinced the lecturers the Government statement was genuine and that "things were well under way."

The new salaries would be back-dated and there had been a paper commitment to this.

Dr Mwanza said he was concerned about the need to maintain peace at the campus which had recently been disrupted after the students' class boycott which later led to the closure of the institution on April 21.

The lecturers had already won public sympathy "and we should not rock the boat," he said.

The vice-chancellor said to the best of his knowledge the issue of new salaries and conditions of service had been dealt with "at the highest level of authority" and there should be no need for panic.

He told the lecturers they would wait for the implementation of the new salaries and conditions of service for only "weeks and not months."

The Unza Senior Staff Association chairman Mr Mpundu Musampa and secretary Mr Mutaba Mwali said since the problem centred on salaries, there would be no need for a sit-in after Dr Mwanza's assurance.

While waiting for the Government's implementation of the salaries and conditions of service, lecturers should avoid holding mass meetings but to leave the matter to him and the association's executive, Dr Mwanza said.

Mr Musampa and Mr Mwali praised the Press for the

The June 17 deadline was extended to June 25 when they planned to map out the mechanics of the sit-in.

But by June 25 the Government had through acting permanent secretary for the Ministry of Education and Culture Mr Miles Banda agreed in principle to salary rises for university staff.

Until yesterday, the lecturers had rejected the Government's statement.

manner in which it had so far handled the matter. He doubted whether anything would have happened had it not been "for the Press bringing our plight to the public".

It is expected that the association's executive will on July 21 meet and review the situation because if the matter would be dealt with in weeks, as promised, the new salaries and conditions of service will have been implemented by then.

The lecturers had earlier given June 17 as a deadline by which authorities should indicate whether new salaries and conditions of service would be implemented.

CSO: 4700/1542

MINISTER SAYS RURAL RECONSTRUCTION PROGRAM TO BE OVERHAULED

Lusaka TIMES OF ZAMBIA in English 28 Jun 82 p 2

[Excerpt] The rural reconstruction scheme is to be revamped for the programme to provide a wider range of skills apart from agricultural ones, Youth and Sport Minister General Kingsley Chinkuli said yesterday.

Gen Chinkuli said his ministry had embarked on an ambitious scheme to overhaul the rural reconstruction programme in the face of rising unemployment among the youth.

Measures suggested on how best to restructure the scheme have already been submitted to the National Commission for Development Planning.

The minister was speaking when he addressed Lubwa ward meeting at Lusaka's University Teaching Hospital.

Plans to review the programme included the integration of the training and placement of youths to make the rural reconstruction centres and the Zambia National Service (ZNS) the main approach to national youth development schemes.

The ministry would establish a placement body to ensure youths trained in the centres and other institutions were given jobs.

The 50 centres operating in Zambia were able to employ 40,000 youths, but there were less than 2,000 youths working in the centres.

He admitted that the scheme had many problems, which included lack of qualified technical and management personnel.

He commended The Netherlands Volunteer Service and the Canadian University Services Overseas for their help in training more than 40,000 school-leavers between 1979 and this year.

About 40 per cent of the graduates were in salaried jobs while others were self-employed.

The revolutionary measures were needed to increase employment opportunities in the informal sector since chances of getting jobs in formal sectors continue to decline.

About 63,000 new jobs should be created annually in both the formal and informal sectors to absorb the additional labour-force.

CSO: 4700/1542

BRIEFS

COPPER MOVEMENT BOTTLENECKS REMOVED--Zambia and Tanzania have thrashed out bottlenecks which made it difficult for the smooth flow of copper to Dar es Salaam port for outside market. And with immediate effect, transporters who include Zambia Railways, Tazara and the Zambia Tanzania Road Services (ZTRS), have each been given a monthly target in which to haul copper to the port with minimum delay. The measures were taken at a joint transport and port coordinating committee on the Dar route organised by the Zambia Consolidated Copper Mines (ZCCM) in Lusaka. The meeting, held this week, was arranged against the background of plummeting copper prices on the London Metal Exchange. President Kaunda recently ordered the mining industry to work out urgent measures aimed at reducing production costs. Dr Kaunda said the Government's decision to allow all copper mines to operate despite prevailing poor copper prices on the international market could only be justified if measures were taken to reduce production costs. Speaking in an interview after the bilateral transport and port coordinating committee meeting, ZCCM commercial, marketing and sales director Mr Lawrence Moola who chaired the meeting, pledged to use to the maximum the Dar route to transport copper. [Text] [Lusaka TIMES OF ZAMBIA in English 25 Jun 82 p 4]

COMPANY PAYING STORAGE FOR MACHINERY--The Lint Company of Zambia is paying K2,000 for storage charges every month for the cotton ginnery machine it bought from the United States of America last year, said general manager Mr William Mantanyani in Lusaka. Mr Mantanyani complained the company would lose more money than it anticipated when it planned to instal the ginnery at Gwembe because the machinery was still not in use and costs for installation were rising every day. The ginnery machinery worth K1.3 million has not been installed in Gwembe because there is not sufficient electric power to run it. The power that is there is only sufficient for domestic use. Zambia Electricity Supply Corporation (ZESCO) asked Lintco to assist in funding the work aimed at increasing power to Gwembe. Mr Mantanyani said his company had asked ZESCO to indicate what type of items the corporation may require to increase power at Gwembe. The Ministry of Agriculture and Water Development under which the company falls has written to the National Commission for Development Planning asking for more money.--Zana. [Text] [Lusaka TIMES OF ZAMBIA in English 30 Jun 82 p 4]

DEBT MANAGEMENT BY UK FIRM--The Government has signed an agreement with Samuel Montagu and Company of London to institute effective methods for the management of Zambia's foreign reserves, debts and payments. The agreement was signed in Lusaka yesterday by the acting Minister of Finance Mr Unia Mwila and the executive director of the company, Mr Michell Ward. The company is a merchant bank of financial

advisory services to the Ministry of Finance and the Bank of Zambia. The advisory services are meant to help the Government in formulating annational resource mobilisation and management strategy, particularly in the short and medium terms. It provides training for Zambians in the area of operations and management in conjunction with the consultants and their associates, the Midland banking group. The signing ceremony was witnessed by several high ranking Government officials who included the President's special assistant for economic affairs Mr Dominic Mulaisho and Finance permanent secretary Mr Fred Kazunga. [Text] [Lusaka TIMES OF ZAMBIA in English 1 Jul 82 p 4]

ZCCM PHASING OUT EXPATRIATES--Zambia Consolidated Copper Mines (ZCCM) has started phasing out expatriates as part of its cost-saving exercise, informed company sources said yesterday. The company has written letters to expatriates whose contracts expire in three to six months time informing them that these would not be renewed. The letters are expected to be handed to those affected before this weekend. A ZCCM spokesman in Kitwe refused to comment. The company hopes to phase out 500 expatriates by March next year as part of its cost-saving measures announced by ZCCM chairman and chief executive Mr Francis Kaunda last month. Among the measures was that manning levels of both Zambian and expatriate personnel would be reduced through non-renewal of contracts, natural wastage and early retirement. Mr Kaunda said the matters had come to "a head" and remedial action could not be delayed any longer as this could have serious consequences not only for the mining industry, but the national economy as well. [Text] [Lusaka TIMES OF ZAMBIA in English 1 Jul 82 p 1]

MULEMBA DESCRIBES TALKS WITH HUNGARIANS--Zambia and Hungary have reaffirmed their readiness to intensify and enlarge party and inter-state relations for the benefit of both countries. A communique released here today after a three-day official visit to Hungary by Party Secretary-General Mulemba, said: "The visit has promoted better understanding of the situation, positions and goals of the two countries had agreed on the importance of solidarity vis-a-vis the liberation struggle and the consolidation of the African states independence for a justified social progress for all." The arms race, the major cause of world spots tensions, was condemned and detente suggested as a means of safeguarding world peace and security. The two countries expressed total support for SWAPO's determined and justified armed struggle for the independence of Namibia. Mr Mulemba briefed his hosts on the measures Zambia had taken to improve the quality life of the people and to consolidate their political independence. Hungary expressed solidarity with the people of Zambia in resolve to free themselves from any foreign domination and accomplish progressive goals under the banner of UNIP. Earlier, Mr Mulemba presented a special message to Hungarian President Pal Losonczi from President Kaunda. The presentation of the message marked the end of Mr Mulemba's seven-nation tour of East European countries. [Excerpt] [Lusaka TIMES OF ZAMBIA in English 1 Jul 82 p 1]

ISUZU TRUCK ASSEMBLY--Production of the first 60 locally assembled Isuzu pick-ups by Livingstone Motor Assemblers (LMA) started yesterday. The first unit to roll out of the assembly line will be presented to President Kaunda on July 17 by Woodgate Holdings, the partners in the manufacture contract. A joint statement by LMA and Woodgate Holdings released yesterday after the official launching by Japanese ambassador to Zambia Mr Eiji Seki said the official launching by Japanese

ambassador to Zambia Mr Eiji Seki said the 60 units were scheduled to be completed next month. A consignment of another 60 units had already started off from Japan and should arrive soon. LMA acting general manager, Mr Winter Lemba, said initial production of the pick-ups would be restricted to two vehicles a day for the time being to give workers ample time to familiarise themselves. Mr Lemba said all the ground work for the Isuzu output had been done by LMA staff to reduce costs. Now that the production had got off the ground, LMA was in top gear to assemble Peugeot cars. "We are anticipating that the production of Peugeot saloons and pick-ups should start by the end of August because preparations are almost completed."
[Text] [Lusaka TIMES OF ZAMBIA in English 28 Jun 82 p 1]

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